

Audited Financial Statements
City of Moss Point, Mississippi
Fiscal Year Ended September 30, 2014



City of Moss Point, Mississippi

Financial Statements

September 30, 2014

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Section I

Introductory Section

City of Moss Point, Mississippi
City Officials
For the Year Ended September 30, 2014

City Officials

Mayor Billy Broomfield

Board of Aldermen/Alderwomen

Alderman at Large Houston Cunningham
Alderman Ward #1 James C. Smith
Alderman Ward #2 Chuck Redmond
Alderman Ward #3 Robert Byrd
Alderman Ward #4 Shirley Chambers
Alderman Ward #5 O. Linwood Grierson
Alderman Ward #6 Gary Wayne Lennep

Department Heads

City Clerk Adlean Liddell
City Attorney Amy St. Pé
City Accountant Shavay Gaines
Human Resources Nicole Jacobs
Economic Development Sue Wright
Parks and Recreation Chadwick Smith
Community Development Kathy Keeton
Judicial Keith Miller
Building Inspections Andrew Beamon
Public Works Russell Davis
Police Keith Davis
Fire Tommy Posey

Section II
Financial Section

Management's Discussion and Analysis

City of Moss Point, Mississippi Management's Discussion and Analysis

The discussion and analysis of the City of Moss Point, Mississippi's (the City's) financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2014. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in the City's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the City's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

Financial Highlights

- In 2014 and 2013, the City's net position amounted to \$47,393,726 and \$45,349,242, respectively. The net assets for governmental activities totaled \$28,812,435 in 2014 and \$26,449,230 in 2013, contributing 61% and 58%, respectively, of total net assets; business-type activities contributed 39% and 42%, totaling \$18,581,291 in 2014 and \$18,900,012 in 2013.
- General revenues for 2014 and 2013 were \$9,050,228 and \$10,523,087, equaling 41% and 53% of all revenues, respectively. Program specific revenues in the form of charges for services and grants and contributions were \$13,192,908 and \$12,103,093 for 2014 and 2013, equaling 59% and 47% of total revenues.
- In 2014 and 2013, the City had \$20,198,652 and \$21,478,463 in expenses, respectively; only \$13,192,908 and \$12,103,093 of these expenses were offset by program specific charges for services, grants and contributions.
- Capital assets, net of accumulated depreciation, totaled \$49,972,882 in 2014 and \$50,935,323 in 2013.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of the following four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary financial statements, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Moss Point, Mississippi
Management's Discussion and Analysis
(Continued)

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in the reconciliations found on pages 14 and 16.

Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the statement of net assets and the statement of activities. Major proprietary funds include the Moss Point Public Utility Fund and the Escatawpa Utility District. These funds are the same as the business-type activities reported in the government-wide financial statements but provide more detail and additional information, such as cash flows. The accrual basis of accounting is used for proprietary funds.

Government-wide Financial Analysis

Net assets – Net assets may serve over time as a useful indicator of government's financial position. The following table presents a summary of the City's net assets for the fiscal years ended September 30, 2014 and 2013.

Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 11,876,412 | \$ 10,493,918 | \$ (1,686,157) | \$ (2,084,810) | \$ 10,190,255 | \$ 8,409,108 |
| Capital assets | 23,643,477 | 23,611,780 | 26,329,405 | 27,323,543 | 49,972,882 | 50,935,323 |
| Total assets | <u>35,519,889</u> | <u>34,105,698</u> | <u>24,643,248</u> | <u>25,238,733</u> | <u>60,163,137</u> | <u>59,344,431</u> |
| Long-term debt outstanding | 5,546,302 | 6,344,392 | 4,734,861 | 4,897,859 | 10,281,163 | 11,242,251 |
| Other liabilities | 1,161,152 | 1,312,076 | 1,327,096 | 1,440,862 | 2,488,248 | 2,752,938 |
| Total liabilities | <u>6,707,454</u> | <u>7,656,468</u> | <u>6,061,957</u> | <u>6,338,721</u> | <u>12,769,411</u> | <u>13,995,189</u> |
| Net assets: | | | | | | |
| Investment in capital assets, net of related debt | 17,859,707 | 17,439,110 | 21,209,615 | 22,158,664 | 39,069,322 | 39,597,774 |
| Restricted | - | - | 550,221 | 531,231 | 550,221 | 531,231 |
| Unrestricted | 10,952,728 | 9,010,120 | (3,178,545) | (3,789,883) | 7,774,183 | 5,220,237 |
| Total net position | <u>\$ 28,812,435</u> | <u>\$ 26,449,230</u> | <u>\$ 18,581,291</u> | <u>\$ 18,900,012</u> | <u>\$ 47,393,726</u> | <u>\$ 45,349,242</u> |

The City's restricted net assets (restricted by revenue source) accounted for 1% of total net assets in 2014 and 1% in 2013. Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 82% and 87% in 2014 and 2013, respectively. The remaining balance consisted of unrestricted net assets, the part of net assets used to finance everyday operations without constraints of legal requirements.

City of Moss Point, Mississippi
Management's Discussion and Analysis
(Continued)

| | Governmental Activities | | | |
|------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | 2014 | | 2013 | |
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| General government | \$ 3,398,295 | \$ 2,540,670 | \$ 3,928,418 | \$ 2,543,417 |
| Public safety | 4,922,211 | 3,940,581 | 5,271,380 | 4,000,019 |
| Public works | 1,688,544 | 1,191,115 | 1,947,278 | 1,301,154 |
| Culture and recreation | 723,516 | 574,519 | 714,121 | 244,235 |
| Urban & economic development | 309,219 | 190,000 | 250,622 | (2,668) |
| Solid waste | 1,003,731 | (114,902) | 848,267 | (243,837) |
| Debt Service - interest | 208,034 | 208,034 | 157,166 | 157,166 |
| Total | <u>\$ 12,253,550</u> | <u>\$ 8,530,017</u> | <u>\$ 13,117,252</u> | <u>\$ 7,999,486</u> |

Business-type activities

The City's business-type activities generated a change in net position of \$(318,721). This represents an increase of approximately \$250,000 from the previous year's change in net assets. The factors contributing to this decrease include:

- The Utilities had an increase in revenue of approximately \$2,500,000 over the prior year as a result of increased customer rates.
- The Utilities also had an increase of \$1,700,000 in transfers out over the prior year.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As the City completed the year, its governmental funds reported a combined fund balance of \$9,590,180 compared to \$8,490,540 in the previous year. Activities within the general fund contributed to 51% and 51% of the fund balances in 2014 and 2013, respectively.

General Fund Budgetary Highlights

Over the course of the year, adjustments made in the budget were minor. The changes were due to the following: 1) amendments were made shortly after the beginning of the year, 2) the Council made changes in the middle of the year to prevent shortages from the addition or extension of service contracts, or 3) Council approved several increases in appropriations to prevent budget overruns and to recognize receipt of funds not expected.

With these adjustments, the actual expenditures were \$10,041,337 compared to \$10,925,089 of the final budget. A schedule showing the original and final budget amounts compared to the City's actual financial activity for the general fund is provided in this report as a part of the basic financial statements.

City of Moss Point, Mississippi
Management's Discussion and Analysis
(Continued)

Debt Administration

At September 30, 2014, the City had \$11,141,937 in general obligation bonds and other long-term debt outstanding, of which \$860,774 is due within one year.

Outstanding Debt at Year- End

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|---------------------|--------------------------|---------------------|--------------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General obligation bonds (backed by the City) | \$ 5,445,000 | \$ 5,750,000 | \$ - | \$ - | \$ 5,445,000 | \$ 5,750,000 |
| Revenue bonds and notes (backed by specific tax and fee revenues) | 167,002 | 194,790 | 4,705,116 | 5,054,487 | 4,872,118 | 5,249,277 |
| Capital leases | 171,768 | 227,880 | 414,674 | 110,392 | 586,442 | 338,272 |
| Compensated absences | 196,633 | 749,036 | 41,744 | 147,748 | 238,377 | 896,784 |
| Total | <u>\$ 5,980,403</u> | <u>\$ 6,921,706</u> | <u>\$ 5,161,534</u> | <u>\$ 5,312,627</u> | <u>\$ 11,141,937</u> | <u>\$ 12,234,333</u> |

More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates and fees to be charged for business-type activities. The local economy is still recovering from the loss of several major industries and revenues due to Hurricane Katrina. The City believes that prospects for new industries are improving.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Clerk's Office at 4412 Denny Street, Moss Point, Mississippi.

Basic Financial Statements

City of Moss Point, Mississippi
Statement of Net Position
September 30, 2014

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 4,028,031 | \$ 1,726,219 | \$ 5,754,250 |
| Restricted cash and cash equivalents | - | 550,221 | 550,221 |
| Receivables, net | 2,331,569 | 1,284,716 | 3,616,285 |
| Internal balances | 5,392,483 | (5,392,483) | - |
| Inventories | - | 124,274 | 124,274 |
| Prepaid expenses | 124,329 | 20,896 | 145,225 |
| Capital assets | | | |
| Land and construction in progress | 3,856,297 | 5,428,432 | 9,284,729 |
| Other (net of accumulated depreciation) | 19,787,180 | 20,900,973 | 40,688,153 |
| Total capital assets | <u>23,643,477</u> | <u>26,329,405</u> | <u>49,972,882</u> |
| Total assets | <u>35,519,889</u> | <u>24,643,248</u> | <u>60,163,137</u> |
| Liabilities | | | |
| Accounts payable and accrued expenses | 723,342 | 350,202 | 1,073,544 |
| Deferred revenues | 3,709 | - | 3,709 |
| Customer deposits payable from restricted assets | - | 550,221 | 550,221 |
| Noncurrent liabilities | | | |
| Due within one year: | | | |
| Bonds, capital leases and notes payable | 384,943 | 416,237 | 801,180 |
| Compensated absences | 49,158 | 10,436 | 59,594 |
| Due in more than one year: | | | |
| Bonds, capital leases and notes payable | 5,398,827 | 4,703,553 | 10,102,380 |
| Compensated absences | 147,475 | 31,308 | 178,783 |
| Total liabilities | <u>6,707,454</u> | <u>6,061,957</u> | <u>12,769,411</u> |
| Net position | | | |
| Invested in capital assets, net of related debt | 17,859,707 | 21,209,615 | 39,069,322 |
| Restricted for: | | | |
| Other purposes | - | 550,221 | 550,221 |
| Unrestricted | 10,952,728 | (3,178,545) | 7,774,183 |
| Total net position | <u>\$ 28,812,435</u> | <u>\$ 18,581,291</u> | <u>\$ 47,393,726</u> |

The accompanying notes are an integral part of the financial statements.

City of Moss Point, Mississippi
Statement of Activities
For the Fiscal Year Ended September 30, 2014

| Functions/Programs | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | | |
|---|------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-Type Activities | |
| Governmental activities | | | | | | | |
| General government | \$ 3,398,295 | \$ 98,222 | \$ 313,760 | \$ 445,643 | \$ (2,540,670) | \$ - | \$ (2,540,670) |
| Culture and recreation | 723,516 | 148,991 | 6 | - | (574,519) | - | (574,519) |
| Public safety | 4,922,211 | 683,165 | 195,385 | 103,080 | (3,940,581) | - | (3,940,581) |
| Public works | 1,688,544 | - | 497,429 | - | (1,191,115) | - | (1,191,115) |
| Urban and economic development | 309,219 | - | 119,219 | - | (190,000) | - | (190,000) |
| Solid Waste | 1,003,731 | 1,118,633 | - | - | 114,902 | - | 114,902 |
| Interest and other, long-term debt | 208,034 | - | - | - | (208,034) | - | (208,034) |
| Total governmental activities | 12,253,550 | 2,049,011 | 1,125,799 | 548,723 | (8,530,017) | - | (8,530,017) |
| Business-type activities | | | | | | | |
| Water and sewer | 7,945,102 | 9,469,375 | - | - | - | 1,524,273 | 1,524,273 |
| Total business-type activities | 7,945,102 | 9,469,375 | - | - | - | 1,524,273 | 1,524,273 |
| Total primary government | \$ 20,198,652 | \$ 11,518,386 | \$ 1,125,799 | \$ 548,723 | (8,530,017) | 1,524,273 | (7,005,744) |
| General revenues | | | | | | | |
| Property taxes, levied for general purposes | | | | | 4,158,180 | - | 4,158,180 |
| Property taxes, levied for other purposes | | | | | 565,975 | - | 565,975 |
| Sales taxes | | | | | 1,768,362 | - | 1,768,362 |
| Franchise and utility taxes | | | | | 989,631 | - | 989,631 |
| Other taxes | | | | | 850,534 | 48,385 | 898,919 |
| Unrestricted investment earnings | | | | | 8,649 | - | 8,649 |
| Miscellaneous | | | | | 542,162 | 118,350 | 660,512 |
| Transfers | | | | | 2,009,729 | (2,009,729) | - |
| Total general revenues and transfers | | | | | 10,893,222 | (1,842,994) | 9,050,228 |
| Change in net position | | | | | 2,363,205 | (318,721) | 2,044,484 |
| Net position - beginning of period | | | | | 26,449,230 | 18,900,012 | 45,349,242 |
| Net position - end of period | | | | | \$ 28,812,435 | \$ 18,581,291 | \$ 47,393,726 |

The accompanying notes are an integral part of the financial statements.

City of Moss Point, Mississippi
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2014

| | | |
|---|-------------|----------------------|
| Total fund balances of governmental funds in the balance sheet, page 13 | | \$ 9,590,180 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 23,643,477 |
| Some receivables are not considered available to pay liabilities of the current period. | | 1,559,181 |
| Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. | | |
| Bonds and notes | (5,783,770) | |
| Compensated absences | (196,633) | (5,980,403) |
| | | |
| Net assets of governmental activities, page 11 | | <u>\$ 28,812,435</u> |

The accompanying notes are an integral part of the financial statements.

City of Moss Point, Mississippi
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|---|--------------------|----------------------------|
| Net change in fund balances of governmental funds, page 15 | | \$ 1,099,640 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Expenditures for capital assets | 1,324,613 | |
| Less current year depreciation | <u>(1,232,932)</u> | 91,681 |
| <p>The issuance of long-term debt (bonds payable) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of borrowed principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which repayments exceed proceeds.</p> | | |
| Bond and loan proceeds | - | |
| Lease payments | 56,112 | |
| Principal payments | <u>332,788</u> | 388,900 |
| <p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.</p> | | |
| Court fines | | 230,581 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Compensated absences | | <u>552,403</u> |
| Change in net assets of governmental activities, page 12 | | <u><u>\$ 2,363,205</u></u> |

The accompanying notes are an integral part of the financial statements.

City of Moss Point, Mississippi
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budget Basis

General Fund

For the Fiscal Year Ended September 30, 2014

(Continued)

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------------|-------------|------------------------|
| | Original | Final | | Positive (Negative) |
| Judicial Department | | | | |
| Personnel services | 161,348 | 161,348 | 133,691 | 27,657 |
| Supplies and other charges | 5,200 | 5,500 | 10,531 | (5,031) |
| Total | 166,548 | 166,848 | 144,222 | 22,626 |
| Inspection Department | | | | |
| Personnel services | 170,628 | 161,438 | 149,035 | 12,403 |
| Supplies and other charges | 50,500 | 50,500 | 51,026 | (526) |
| Total | 221,128 | 211,938 | 200,061 | 11,877 |
| Maintenance Department | | | | |
| Personnel services | 716,341 | 295,573 | 278,107 | 17,466 |
| Supplies and other charges | 168,500 | 129,250 | 149,092 | (19,842) |
| Capital outlay | - | - | 1,056 | (1,056) |
| Total | 884,841 | 424,823 | 428,255 | (3,432) |
| Street Department | | | | |
| Personnel services | - | 117,779 | 101,531 | 16,248 |
| Supplies and other charges | 339,000 | 391,050 | 373,491 | 17,559 |
| Capital outlay | 34,800 | 362,200 | 139,649 | 222,551 |
| Total | 373,800 | 871,029 | 614,671 | 256,358 |
| Data Processing | | | | |
| Supplies and other charges | 16,500 | 16,500 | 16,092 | 408 |
| Capital outlay | 120,000 | 120,000 | 95,435 | 24,565 |
| Total | 136,500 | 136,500 | 111,527 | 24,973 |
| Safety & Human Resources | | | | |
| Personnel services | 160,497 | 156,997 | 154,688 | 2,309 |
| Supplies and other charges | 22,300 | 22,300 | 29,675 | (7,375) |
| Total | 182,797 | 179,297 | 184,363 | (5,066) |
| Community Development | | | | |
| Personnel services | 119,772 | 119,972 | 135,570 | (15,598) |
| Supplies and other charges | 8,750 | 9,450 | 1,548 | 7,902 |
| Total | 128,522 | 129,422 | 137,118 | (7,696) |
| Pelican Landing | | | | |
| Personnel services | 13,000 | - | - | - |
| Supplies and other charges | 117,200 | 122,700 | 105,335 | 17,365 |
| Total | 130,200 | 122,700 | 105,335 | 17,365 |
| Total expenditures | 10,390,062 | 10,925,089 | 10,041,337 | 883,752 |
| Excess (deficiency) of revenues over expenditures | (2,743,320) | (3,168,742) | (2,410,127) | 1,008,889 |
| Other financing sources (uses) | | | | |
| Transfers in | 3,234,729 | 3,138,729 | 3,072,333 | (66,396) |
| Net change in fund balances | 491,409 | (30,013) | 662,206 | 942,493 |
| Fund balances, beginning of year | 175,830 | 175,830 | 175,830 | 880,135 |
| Fund balances, end of year | \$ 667,239 | \$ 145,817 | \$ 838,036 | \$ 1,822,628 |

The accompanying notes are an integral part of the financial statements.

City of Moss Point, Mississippi
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2014

| | Business-Type Activities-Enterprise Funds | | |
|---|---|----------------------------------|------------------------------|
| | Major Funds | | |
| | Moss Point Public Utility Fund | Escatawpa Utility District | Total Enterprise Funds |
| Operating Revenues | | | |
| Charges for services: | | | |
| Water sales, sewer revenues | | | |
| penalties & installations, net | \$ 6,793,925 | \$ 2,675,444 | \$ 9,469,369 |
| Other income | 102,302 | 64,433 | 166,735 |
| Total operating revenues | <u>6,896,227</u> | <u>2,739,877</u> | <u>9,636,104</u> |
| Operating expenses | | | |
| Personal services | 1,068,956 | 140,495 | 1,209,451 |
| Supplies and materials | 827,646 | 487,184 | 1,314,830 |
| Contractual services | 1,567,716 | 928,778 | 2,496,494 |
| Other supplies and expenses | 125,251 | 9,939 | 135,190 |
| Repairs and maintenance | 368,873 | 30,243 | 399,116 |
| Insurance claims and expenses | 184,121 | 21,914 | 206,035 |
| Utilities | 690,956 | 66,819 | 757,775 |
| Depreciation | 1,033,283 | 326,465 | 1,359,748 |
| Total operating expenses | <u>5,866,802</u> | <u>2,011,837</u> | <u>7,878,639</u> |
| Operating income (loss) | <u>1,029,425</u> | <u>728,040</u> | <u>1,757,465</u> |
| Non-operating revenues (expenses) | | | |
| Interest expense | (33,305) | (33,152) | (66,457) |
| Total non-operating revenues (expenses) | <u>(33,305)</u> | <u>(33,152)</u> | <u>(66,457)</u> |
| Income before contributions and transfers | 996,120 | 694,888 | 1,691,008 |
| Transfers in (out) | <u>(1,043,542)</u> | <u>(966,187)</u> | <u>(2,009,729)</u> |
| Change in net position | (47,422) | (271,299) | (318,721) |
| Net position, beginning of year | <u>14,747,111</u> | <u>4,152,899</u> | <u>18,900,010</u> |
| Net position, end of year | <u>\$ 14,699,689</u> | <u>\$ 3,881,600</u> | <u>\$ 18,581,289</u> |

The accompanying notes are an integral part of the financial statements.

City of Moss Point, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2014
(Continued)

| | Business-Type Activities-Enterprise Funds | | |
|---|---|----------------------------------|------------------------------|
| | Major Funds | | |
| | Moss Point Public Utility Fund | Escatawpa Utility District | Total Enterprise Funds |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ 1,029,425 | \$ 728,040 | \$ 1,757,465 |
| Adjustments not affecting cash | | | |
| Depreciation | 1,033,283 | 326,465 | 1,359,748 |
| Changes in assets and liabilities: | | | |
| Accounts receivable | (486,621) | (144,285) | (630,906) |
| Gas inventory | 9,605 | 5,776 | 15,381 |
| Prepays | 4,843 | 149 | 4,992 |
| Accounts payable and accrued expenses | (164,464) | (86,198) | (250,662) |
| Customer deposits | 10,185 | 8,805 | 18,990 |
| Net cash provided by (used in) operating activities | <u>\$ 1,436,256</u> | <u>\$ 838,752</u> | <u>\$ 2,275,008</u> |

The accompanying notes are an integral part of the financial statements.

City of Moss Point
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

The City of Moss Point, Mississippi was incorporated on May 17, 1901, under the laws of the State of Mississippi. The City operates under a Mayor-Alderman/Alderwoman form of government and provides the following services: public safety (police and fire), public works (highways, streets and sanitation), culture and recreation, community development, public utilities (water, gas and sewage) and general administration services.

The City's reporting entity applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds 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. As required by GAAP, these financial statements present the City of Moss Point (the primary government) only.

A. Reporting Entity

The criteria for including component units consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Moss Point Municipal Separate School District has been excluded from the reporting entity, because it is an "other stand-alone government". The School District is a related organization of, but not a component unit of the City of Moss Point. The governing authorities of the City do select a majority of the School District's Board, but do not have ongoing financial accountability for the School District.

In addition, management has determined that the City is related to the Jackson County Utility Authority through the existence of a joint venture arrangement. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs; risks and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients.

Finally, management has identified one jointly governed organization, the Jackson-George Regional Library System. A jointly governed organization is similar in nature to a joint venture in that it provides goods and services to the citizens of two or more governments. However, it does not meet the definition of a joint venture because there is no ongoing significant financial interest or responsibility by the participating governments.

City of Moss Point
Notes to the Financial Statements
(Continued)

within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recognized when the related fund liability is incurred, if measurable, except for interest on long-term debt and the long-term portion of accumulated compensated absences, which are recognized when due.

Year-end accruals of ad valorem taxes, sales taxes, and franchise fees are based upon actual collections of amounts remitted to the City within 60 days of year end. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable.

Other licenses and permits, charges for services, fines and penalties, and miscellaneous revenues are recorded as revenues when they are received as they are generally not measurable until actually received; however, charges for services which are measurable are recorded as revenue in the period earned.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33 the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient.

The financial transactions of the City are recorded in the individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets liabilities, reserves, fund equity, revenues and expenditures / expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal operations. The principal operating revenues of the utility funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the basic financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

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

City of Moss Point
Notes to the Financial Statements
(Continued)

E. Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

The City considers cash on hand, cash with fiscal agents, demand deposit, certificates of deposit and bank repurchase agreements as cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.

Investments

Investments, if any, are stated at fair value.

Accounts Receivable

Accounts receivable are recorded in the Governmental and Business-type Funds. Where appropriate, an associated allowance for doubtful accounts has been established in the related fund. Estimated unbilled revenues from the Public Utility Funds are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

Inventories and Prepaids

Governmental and Proprietary Fund inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are consumed. Prepaids consist of premiums paid on insurance policies extending beyond year end.

Capital Assets

Capital assets, including land, buildings, improvements other than buildings, infrastructure (i.e., roads, bridges, street lighting and other similar items) and equipment are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. The City's capitalization levels are as follows: purchased assets costing more than \$5,000 are capitalized; building renovations are capitalized when their cost exceeds 25% of the building's previously capitalized cost and if the repair extends the building's estimated useful life; contributed fixed assets are capitalized and recorded at the estimated market value at the time of the contribution. Assets acquired using capital lease obligations are treated in the same manner as purchased fixed assets.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|----------------|-------------|
| Buildings | 40-50 years |
| Improvements | 40-50 years |
| Infrastructure | 20-60 years |
| Equipment | 5-15 years |

City of Moss Point
Notes to the Financial Statements
(Continued)

Fund Balance

Beginning with fiscal year 2011, the City implemented, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (Statement). This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the related strength of spending constraints:

Nonspendable fund balance — amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance — amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance — amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance — amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates authority.

Unassigned fund balance — amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

The Board of Aldermen (Board) establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

City of Moss Point
Notes to the Financial Statements
(Continued)

Note 2 – Stewardship, Compliance and Accountability:

A. Budgetary Data

The procedures used by the City in establishing the budgetary data reflected in the combined financial statements are as follows:

1. Prior to October 1, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings were conducted to obtain taxpayer comments.
3. Not later than September 15, the budget is legally enacted through passage of a resolution.
4. The Board of Aldermen formally adopts an annual operating budget for the General Fund at the “department level” and for special revenue, debt service and capital projects fund types at the “fund type level”. State statutes prohibit the governing authority from expending amounts in excess of the adopted or amended budget. Formal budgetary integration at the “account level” is employed by management for expenditure control purposes. Management may reallocate budget amounts between expenditure accounts within each General Fund department but may not exceed the total expenditure limit set for each General Fund department nor the total expenditures level for other fund types. The Board of Aldermen may amend the budget during the fiscal year, by resolution, to reallocate resources.
5. Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted in accordance with provisions of the State Auditor's Office and not on a basis consistent with accounting principles generally accepted in the United States of America. For budgetary purposes, certain revenues from property taxes, interest on investments, and certain other sources are recognized when received in cash and unexpended appropriations lapse thirty days after the end of the fiscal year. Expenditures may not legally exceed budgeted appropriations and any existing fund balance at the various fund or fund type levels. Budget amounts are as originally adopted, or as amended by the Board of Aldermen. Budget amendments are made throughout the year (prior to July) as reallocations of funds are necessary or as circumstances dictate.

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the excess (deficiency) of revenues and other sources over expenditures and other uses for the year ended September 30, 2014 is as follows:

City of Moss Point
Notes to the Financial Statements
(Continued)

The tax levies for the calendar years 2014, 2013 and 2012 (taxes collected in the fiscal years ending September 30, 2015, September 30, 2014 and September 30, 2013) are as follows:

| | September 30, | | |
|---------------------------------|---------------------|---------------------|---------------------|
| | <u>2015 Millage</u> | <u>2014 Millage</u> | <u>2013 Millage</u> |
| City Funds | | | |
| General Fund | 43.19 | 43.19 | 41.34 |
| Special revenue funds: | | | |
| Library Fund | 1.50 | 1.50 | 1.50 |
| Fire Protection Fund | .25 | .25 | .25 |
| Advertising | .25 | .25 | .25 |
| General Debt Service Fund | 4.88 | 5.88 | 5.00 |
| Total City administered funds | <u>50.07</u> | <u>50.07</u> | <u>48.34</u> |
| School Funds | | | |
| District maintenance | 57.20 | 57.61 | 58.79 |
| School note redemption | 5.21 | 4.21 | 4.76 |
| Total School administered funds | <u>62.41</u> | <u>61.82</u> | <u>63.55</u> |
| Total levy | <u>112.48</u> | <u>111.89</u> | <u>111.89</u> |

Note 4 – Deposits and Investments

The City deposits funds in financial institutions selected by the Board of Aldermen in accordance with state statutes. Furthermore, the City invests excess funds in various investment instruments that are allowed by statutes. Various restrictions on deposits and investments are imposed by statutes. Deposits are summarized below.

Deposits

Deposits consist of cash amounts in demand accounts and certificates of deposit. 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, 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 a 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. By using this multiple financial institution collateral pool, all of the City's deposits at September 30, 2014 fall into the credit risk category of "*Insured or collateralized with securities held by the entity or by its agent in the entity's name*". Deposits including certificates of deposit are summarized as follows:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| Governmental funds | \$ 4,028,031 | \$ - | \$ 4,028,031 |
| Proprietary funds | 1,726,219 | 550,221 | 2,276,440 |
| Totals | <u>\$ 5,754,250</u> | <u>\$ 550,221</u> | <u>\$ 6,304,471</u> |

The City's bank balance at September 30, 2014, as reported by the various financial institutions, was \$6,874,937.

City of Moss Point
Notes to the Financial Statements
(Continued)

Note 8 – Interfund Receivables and Payables

Individual fund receivables and payables at September 30, 2014 were as follows:

| | Due from Other Funds | Due to Other Funds |
|--|-------------------------|-----------------------|
| Governmental Funds | | |
| General Fund | \$ 9,694,800 | \$ 2,430,154 |
| Special Revenue Funds: | | |
| Fire Protection Fund | 47,380 | - |
| Library Fund | 143 | 5,089 |
| Municipalities Crime Prevention Grant Fund | 3,967 | - |
| Tidelands Grant Fund | 900 | 17,216 |
| Economic Development Resources Fund | 251,255 | 67,993 |
| Pelican Landing Operating Fund | 41,479 | 65,565 |
| Community Development Block Grant Fund | 19,286 | 278,513 |
| Federal Seized Asset Fund | 19,622 | 3,730 |
| Moss Point Library Project Fund | - | 2,070 |
| Home Program Grant Fund | - | 2,000 |
| CDBG Disaster Supplemental Fund | 154,772 | 106,875 |
| Debt Service Funds: | | |
| General Bond and Interest Retirement Fund | 126,947 | 103,335 |
| School Bond and Interest Retirement Fund | - | 16,282 |
| 1993 General Obligation Bond and Interest Retirement | - | 83 |
| 2010 Public Improvement Bond Fund | 5,990 | - |
| Capital Projects Funds: | | |
| 1998 General Obligation Bond Fund | 98,346 | 109,891 |
| 1998 General Obligation Street Bond Fund | 111,561 | 4,202 |
| Redevelopment Authority Fund | - | 600 |
| Natural Disaster Fund | 219,670 | 14,100 |
| Post Office Project Fund | - | 5,573 |
| Federal Disaster Assistance Fund | 33,255 | 1,888,811 |
| Capital Improvement Fund | - | 271,731 |
| Pelican Landing Project Fund | 41,907 | - |
| Hazard Mitigation Program | 129,020 | 212,533 |
| USRDA Self Help Grant | 542 | - |
| DEQ Gulf Region Disaster Recovery | 51,697 | 41,913 |
| EUD Capital Projects | - | 11,797 |
| Total City funds | <u>11,052,539</u> | <u>5,660,056</u> |
| Proprietary Funds: | | |
| Moss Point Public Utility Fund | 3,913,475 | 6,928,997 |
| Escatawpa Utility District | 2,434,369 | 4,811,330 |
| Total Public Utility Funds | <u>6,347,844</u> | <u>11,740,327</u> |
| Totals | <u>\$ 17,400,383</u> | <u>\$ 17,400,383</u> |

City of Moss Point
Notes to the Financial Statements
(Continued)

Depreciation expense was charged to functions/programs for the year ended September 30, 2014 as follows:

| | |
|---|---------------------|
| Governmental activities | |
| General government | \$ 1,232,932 |
| Total depreciation expense - governmental activities | <u>\$ 1,232,932</u> |
| Business type activities | |
| Utility system revenue | \$ 1,033,283 |
| EUD system revenue | 326,465 |
| Total depreciation expense - business-type activities | <u>\$ 1,359,748</u> |
| Total depreciation expense | <u>\$ 2,592,680</u> |

Note 10 – Long-Term Debt

The following is a summary of bond and other long-term debt transactions of the City for the year ended September 30, 2014:

| | Beginning 10/01/13 | Additions | Reductions | Ending 9/30/14 | Amounts Due Within One Year |
|---------------------------------|-----------------------|-------------------|-------------------|---------------------|-----------------------------------|
| Governmental activities | | | | | |
| General Obligation Debt | \$ 5,750,000 | \$ - | \$ 305,000 | \$ 5,445,000 | \$ 320,000 |
| Notes payable | 194,790 | - | 27,788 | 167,002 | 28,611 |
| Capital leases | 227,880 | - | 56,112 | 171,768 | 36,332 |
| Compensated absences | 749,036 | - | 552,403 | 196,633 | 49,158 |
| Total governmental activities | <u>\$ 6,921,706</u> | <u>\$ -</u> | <u>\$ 941,303</u> | <u>\$ 5,980,403</u> | <u>\$ 434,101</u> |
| Business-type activities | | | | | |
| Water and Sewer | \$ 3,940,418 | \$ - | \$ 291,795 | \$ 3,648,623 | \$ 300,360 |
| Drinking water loan | 1,114,069 | - | 57,576 | 1,056,493 | 58,708 |
| Capital leases | 110,392 | 365,611 | 61,329 | 414,674 | 57,169 |
| Compensated absences | 147,748 | - | 106,004 | 41,744 | 10,436 |
| Total business-type activities | <u>\$ 5,312,627</u> | <u>\$ 365,611</u> | <u>\$ 516,704</u> | <u>\$ 5,161,534</u> | <u>\$ 426,673</u> |

City of Moss Point
Notes to the Financial Statements
(Continued)

| | <u>Original Issue</u> | <u>Range of Interest Rates</u> | <u>Amount Outstanding 9/30/14</u> |
|--|---------------------------|------------------------------------|---|
| Business Type Activities | | | |
| Bonds and Notes: | | | |
| State Revolving Fund Loan, payable in monthly installments of \$4,524 through 4/1/17, secured by sales tax revenue | \$ 707,609 | 1.75% | \$ 132,151 |
| State Revolving Fund Loan, payable in monthly installments of \$7,429 through 11/1/17, secured by sales tax revenue | 1,168,186 | 1.75% | 262,660 |
| State Revolving Fund Loan, payable in monthly installments of \$7,235 through 9/1/30 secured by sales tax revenue | 1,438,524 | 1.75% | 1,210,746 |
| State Revolving Fund Loan, payable in monthly installments of \$6,477 through 5/1/31, secured by sales tax revenue | 1,292,581 | 1.75% | 1,122,962 |
| State Revolving Fund Loan, payable in monthly installments of \$5,262 through 7/1/31, secured by sales tax revenue | 1,053,773 | 1.75% | 920,104 |
| Drinking Water Systems Improvements Revolving Loan, payable in monthly installments of \$6,558 through 2/1/30, secured by sales tax revenues | 1,280,216 | 1.95% | 1,056,493 |
| Total bonds and notes | | | <u>4,705,116</u> |
| Capital Leases: | | | |
| Capital lease note, payable in monthly installments of \$2,279 through 2/27/17, secured by a street sweeper | 130,552 | | 81,913 |
| Capital lease note, payable in annual installments of \$45,227 through 11/1/22, secured by a fire truck | 365,611 | | 332,761 |
| Total capital leases | | | <u>414,674</u> |
| Compensated absences | | | 41,744 |
| Total business-type activities long-term debt | | | <u>\$ 5,161,534</u> |

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2014 follow and include interest on the variable rate debt.

| Year Ended September 30, | Governmental Activities | | | |
|-----------------------------|-------------------------|---------------------|-------------------|------------------|
| | Bonds and Notes | | Capital Leases | |
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 348,611 | \$ 195,528 | \$ 36,332 | \$ 6,905 |
| 2016 | 354,481 | 183,482 | 34,376 | 5,525 |
| 2017 | 370,378 | 170,833 | 32,324 | 4,204 |
| 2018 | 381,301 | 157,280 | 33,668 | 2,559 |
| 2019 | 275,732 | 140,266 | 35,068 | 1,459 |
| 2020-2024 | 1,381,499 | 582,383 | - | - |
| 2025-2029 | 1,640,000 | 325,062 | - | - |
| 2030-2034 | 860,000 | 53,557 | - | - |
| Totals | <u>\$ 5,612,002</u> | <u>\$ 1,808,391</u> | <u>\$ 171,768</u> | <u>\$ 20,652</u> |

City of Moss Point
Notes to the Financial Statements
(Continued)

In connection with the lease agreement described above, the Lessor issued an Urban Renewal Bond, Series 1997, in the principal amount of three million four hundred seventeen thousand dollars (\$3,417,000). The proceeds will be used for the primary purpose of constructing the building and improvements to be leased to the Postal Service under the lease agreement described above. Interest on the outstanding balance is payable at the rate of 8.1% per year, beginning December 6, 1997 through November 6, 1998. On December 6, 1998, the bond covenants call for a monthly principal and interest payment of \$29,421 to be made for a period of nineteen (19) years. In addition, the bond covenants call for certain other bond funds to be funded out of the bond proceeds. Inasmuch as the bond payments required are to be paid from the monthly rental revenues described above, the bond is considered to be a revenue bond.

Therefore, the bond does not constitute an indebtedness of the City of Moss Point, Mississippi, and is not charged against the general credit of the City.

As mentioned above, the Lessor has agreed, under certain conditions, to sell the property to the Postal Service. The selling price will be based upon the unpaid balance of the bond at the time that the purchase option is exercised by the Postal Service, less the amount of any funds on deposit in any of the bond covenant funds set up as a requirement under the bond issue. Consequently, no monetary assets accrue to the benefit of the Lessor or the City of Moss Point.

Under the criteria established by the Financial Accounting Standards Board (FASB) Statement No. 13 (Accounting for Leases), the Lessor has determined that the lease agreement represents and in-substance sale of property to the Postal Service. Consequently, the lease is deemed to be a capital lease and not an operating lease.

Note 11 – Defined Benefit Pension Plan

The City of Moss Point 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 Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

PERS members are required to contribute 9.00% of their annual covered salary and the City of Moss Point 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 of Moss Point's contributions to PERS for the years ending September 30, 2014, 2013 and 2012 were \$824,331, \$778,949 and \$654,042, respectively, which equaled the required contributions for each year.

Note 12 – Library Commission

The library commission is administered by a separate operating board. During the year under review, the tax levy, as collected by the City, provided \$125,020 in revenues for library purposes.

City of Moss Point
Notes to the Financial Statements
(Continued)

Statement of Revenues, Expenses and Changes in Net Position

| | |
|-----------------------------------|--------------------------|
| Operating revenues | \$ 10,472,040 |
| Operating expenses | (9,572,508) |
| Depreciation and amortization | (6,255,996) |
| Non-operating revenues (expenses) | <u>5,562,553</u> |
| Change in net position | <u><u>\$ 206,089</u></u> |

Note 14 – Contingencies

The City is involved in various legal matters arising during the normal course of business activities. Management, after consulting with legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 15 – Subsequent Events

Management has evaluated subsequent events through June 24, 2015 the date on which the financial statements were available to be issued.

Combining Financial Statements

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue
September 30, 2014

| Special Revenue | | | | | | | | |
|-----------------------|----------------------------------|------------------------------------|---|---|---------------------------|--|----------------------------------|---------------------------------------|
| Seized Assets Fund | Federal Seized Assets Fund | Emergency Shelter Grant Fund | Pelican Landing Operating Fund | Community Development Block Grant Fund | Special Grants Fund | Moss Point Library Project Fund | Home Program Grant Fund | CDBG Supplemental Grant Fund |
| \$ 7,788 | \$ 56,806 | \$ 110 | \$ 117,234 | \$ 24,885 | \$ 27,252 | \$ 35 | \$ 2,482 | \$ 100 |
| - | - | - | 200 | 31 | - | - | - | - |
| - | 19,622 | - | 41,479 | 19,286 | - | - | - | 154,772 |
| - | - | - | - | - | - | - | - | - |
| <u>\$ 7,788</u> | <u>\$ 76,428</u> | <u>\$ 110</u> | <u>\$ 158,913</u> | <u>\$ 44,202</u> | <u>\$ 27,252</u> | <u>\$ 35</u> | <u>\$ 2,482</u> | <u>\$ 154,872</u> |
| \$ - | \$ 4,894 | \$ - | \$ 43,044 | \$ 6,747 | \$ 15,352 | \$ - | \$ 1,000 | \$ - |
| 3,730 | - | - | 65,565 | 278,513 | - | 2,070 | 2,000 | 106,875 |
| <u>3,730</u> | <u>4,894</u> | <u>-</u> | <u>108,609</u> | <u>285,260</u> | <u>15,352</u> | <u>2,070</u> | <u>3,000</u> | <u>106,875</u> |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | 47,997 |
| 4,058 | 71,534 | 110 | 50,304 | (241,058) | 11,900 | (2,035) | (518) | - |
| <u>4,058</u> | <u>71,534</u> | <u>110</u> | <u>50,304</u> | <u>(241,058)</u> | <u>11,900</u> | <u>(2,035)</u> | <u>(518)</u> | <u>47,997</u> |
| <u>\$ 7,788</u> | <u>\$ 76,428</u> | <u>\$ 110</u> | <u>\$ 158,913</u> | <u>\$ 44,202</u> | <u>\$ 27,252</u> | <u>\$ 35</u> | <u>\$ 2,482</u> | <u>\$ 154,872</u> |

See independent auditors' report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2014

Capital Projects

| Post Office Project Fund | 1998 Public Improvement Bond Fund | 1998 Public Imp. Street Bond Fund | Pelican Landing Project Fund | Capital Improvement Fund | Hurricane Relief Grant Fund |
|--------------------------------|--|--|------------------------------------|--------------------------------|-----------------------------------|
| \$ 578,287 | \$ 44,918 | \$ - | \$ 3,680 | \$ - | \$ 2,034 |
| - | - | - | 675 | - | - |
| - | 98,346 | 111,561 | 41,907 | - | 10 |
| <u>\$ 578,287</u> | <u>\$ 143,264</u> | <u>\$ 111,561</u> | <u>\$ 46,262</u> | <u>\$ -</u> | <u>\$ 2,044</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ 200 | \$ - | \$ 3,110 |
| 5,573 | 109,891 | 4,202 | - | 271,731 | - |
| <u>5,573</u> | <u>109,891</u> | <u>4,202</u> | <u>200</u> | <u>271,731</u> | <u>3,110</u> |
| | | | | | |
| 572,714 | 33,373 | 107,359 | 46,062 | (271,731) | (1,066) |
| <u>\$ 578,287</u> | <u>\$ 143,264</u> | <u>\$ 111,561</u> | <u>\$ 46,262</u> | <u>\$ -</u> | <u>\$ 2,044</u> |

See independent auditors' report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2014

| Assets | Debt Service | | | | Total Governmental Funds |
|---|----------------------------|--------------------------------------|---|--|--------------------------------|
| | Bond Redemption Fund | School Bond Redemption Fund | 1993 Bond & Interest Redemption Fund | 2010 Public Improvement Bond Fund | |
| Cash | \$ 585,090 | \$ 113,504 | \$ 91 | \$ 107,075 | \$ 3,733,389 |
| Accounts receivable, net | 8,662 | - | - | - | 79,095 |
| Due from other funds | 126,947 | - | - | 5,990 | 1,357,738 |
| Prepays | - | - | - | - | 654 |
| Total assets | \$ 720,699 | \$ 113,504 | \$ 91 | \$ 113,065 | \$ 5,170,876 |
| Liabilities & Fund Balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 4,547 | \$ - | \$ - | \$ - | \$ 202,694 |
| Due to other funds | 103,335 | 16,282 | 83 | - | 3,229,902 |
| Total liabilities | 107,882 | 16,282 | 83 | - | 3,432,596 |
| Fund balance | | | | | |
| Nonspendable | | | | | |
| Prepays | - | - | - | - | 654 |
| Committed for capital | | | | | |
| improvements | - | - | - | - | 428,077 |
| Debt service | 612,817 | 97,222 | 8 | 113,065 | 823,112 |
| Unassigned | - | - | - | - | 486,437 |
| Total fund balances | 612,817 | 97,222 | 8 | 113,065 | 1,738,280 |
| Total liabilities & fund balance | \$ 720,699 | \$ 113,504 | \$ 91 | \$ 113,065 | \$ 5,170,876 |

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Special Revenue
For the Year Ended September 30, 2014

| Seized Assets Fund | Federal Seized Assets Fund | Emergency Shelter Grant Fund | Special Revenue | | | | | | |
|-----------------------|----------------------------------|------------------------------------|---|---|---------------------------|--|----------------------------------|---------------------------------------|------------------|
| | | | Pelican Landing Operating Fund | Community Development Block Grant Fund | Special Grants Fund | Moss Point Library Project Fund | Home Program Grant Fund | CDBG Supplemental Grant Fund | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | 89,175 | - | - | - | - | 3,973 |
| - | - | - | - | 119,219 | - | - | - | - | - |
| 12,385 | 12,884 | - | 11,225 | 1,279 | 38,353 | 23 | - | - | - |
| <u>12,385</u> | <u>12,896</u> | <u>-</u> | <u>11,225</u> | <u>209,673</u> | <u>38,353</u> | <u>23</u> | <u>-</u> | <u>-</u> | <u>3,973</u> |
| 12,137 | 13,568 | - | - | - | - | - | - | - | - |
| - | - | - | - | 192,310 | - | - | - | - | - |
| - | - | - | 10,908 | - | - | - | - | - | - |
| - | - | - | - | - | 26,504 | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | 41,183 | - | - | - | - | - | - | - | 21,351 |
| <u>12,137</u> | <u>54,751</u> | <u>-</u> | <u>10,908</u> | <u>192,310</u> | <u>26,504</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,351</u> |
| 248 | (41,855) | - | 317 | 17,363 | 11,849 | 23 | - | - | (17,378) |
| 3,810 | 113,389 | 110 | 49,987 | (258,421) | 51 | (2,058) | (518) | - | 65,375 |
| <u>\$ 4,058</u> | <u>\$ 71,534</u> | <u>\$ 110</u> | <u>\$ 50,304</u> | <u>\$ (241,058)</u> | <u>\$ 11,900</u> | <u>\$ (2,035)</u> | <u>\$ (518)</u> | <u>\$ -</u> | <u>\$ 47,997</u> |

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2014

| Capital Projects | | | | | |
|--------------------------------|--|--|------------------------------------|--------------------------------|-----------------------------------|
| Post Office Project Fund | 1998 Public Improvement Bond Fund | 1998 Public Imp. Street Bond Fund | Pelican Landing Project Fund | Capital Improvement Fund | Hurricane Relief Grant Fund |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 85,235 | - | - |
| - | - | - | - | - | - |
| 377,588 | - | - | - | - | - |
| <u>377,588</u> | <u>-</u> | <u>-</u> | <u>85,235</u> | <u>-</u> | <u>-</u> |
| - | - | - | 119,219 | - | - |
| 11,023 | - | - | - | - | - |
| 262,126 | - | - | - | - | - |
| 90,922 | - | - | - | - | - |
| - | 18,020 | - | - | - | - |
| <u>364,071</u> | <u>18,020</u> | <u>-</u> | <u>119,219</u> | <u>-</u> | <u>-</u> |
| <u>13,517</u> | <u>(18,020)</u> | <u>-</u> | <u>(33,984)</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>13,517</u> | <u>(18,020)</u> | <u>-</u> | <u>(33,984)</u> | <u>-</u> | <u>-</u> |
| <u>559,197</u> | <u>51,393</u> | <u>107,359</u> | <u>80,046</u> | <u>(271,731)</u> | <u>(1,066)</u> |
| <u>\$ 572,714</u> | <u>\$ 33,373</u> | <u>\$ 107,359</u> | <u>\$ 46,062</u> | <u>\$ (271,731)</u> | <u>\$ (1,066)</u> |

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2014

| | Debt Service | | | | Total Governmental Funds |
|---|----------------------------|--------------------------------------|---|--|--------------------------------|
| | Bond Redemption Fund | School Bond Redemption Fund | 1993 Bond & Interest Redemption Fund | 2010 Public Improvement Bond Fund | |
| Revenues | | | | | |
| Property taxes | \$ 416,618 | \$ - | \$ - | \$ - | \$ 565,974 |
| Sales and miscellaneous taxes | - | - | - | - | 346,051 |
| Intergovernmental | 119,840 | - | - | 16,680 | 659,734 |
| Charges for services | - | - | - | - | 204,454 |
| Investment earnings | - | - | - | - | 1,542 |
| Other | - | - | - | - | 1,098,227 |
| Total revenues | 536,458 | - | - | 16,680 | 2,875,982 |
| Expenditures | | | | | |
| Current | | | | | |
| Public safety | - | - | - | - | 194,042 |
| Public works | - | - | - | - | 192,310 |
| Cultural and recreation | - | - | - | - | 252,700 |
| Urban and economic development | - | - | - | - | 237,188 |
| Debt service | | | | | |
| Principal | 306,500 | - | - | - | 568,626 |
| Interest and other charges | 210,945 | - | - | - | 335,143 |
| Capital outlay | - | - | - | 83,080 | 1,089,955 |
| Total expenditures | 517,445 | - | - | 83,080 | 2,869,964 |
| Excess of revenues over expenditures | 19,013 | - | - | (66,400) | 6,018 |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | - | - | 455,000 |
| Transfers out | - | - | - | - | (455,000) |
| Total other financing sources (uses) | - | - | - | - | - |
| Net change in fund balances | 19,013 | - | - | (66,400) | 6,018 |
| Fund balance, beginning of year | 593,804 | 97,222 | 8 | 179,465 | 1,732,262 |
| Fund balance, end of year | \$ 612,817 | \$ 97,222 | \$ 8 | \$ 113,065 | \$ 1,738,280 |

See independent auditors' report.

Supplemental Information

City of Moss Point, Mississippi
Schedule of Long-Term Debt
September 30, 2014

| | Date Issued | Original Issue | Balance | | New Issues | Retirements | Balance | | Requirements Year Ended | |
|---|-------------|----------------|-----------------|-----------------|------------|-------------|--------------------|--------------------|-------------------------|----------|
| | | | October 1, 2013 | October 1, 2014 | | | September 30, 2014 | September 30, 2015 | Principal | Interest |
| General Obligation Bonds and Notes | | | | | | | | | | |
| General Obligation Capital Improvement, Series 2013 | 05/01/13 | \$ 2,565,000 | \$ 2,565,000 | \$ 2,470,000 | \$ - | \$ 95,000 | \$ 2,470,000 | \$ 100,000 | \$ 64,625 | |
| General Obligation Public Improvement, Series 1998 | 08/01/98 | 1,500,000 | 525,000 | 430,000 | - | 95,000 | 430,000 | 100,000 | 20,375 | |
| Special Obligation Bond, Series 2010 | 06/01/10 | 300,000 | 2,660,000 | 2,545,000 | - | 115,000 | 2,545,000 | 120,000 | 105,863 | |
| Total general obligation bonds and notes | | | 5,750,000 | 5,445,000 | - | 305,000 | 5,445,000 | 320,000 | 190,863 | |
| Limited Obligation Bonds and Notes | | | | | | | | | | |
| Capital improvements revolving loan | 03/01/00 | 500,000 | 194,790 | 167,002 | - | 27,788 | 167,002 | 28,611 | 4,665 | |
| Total limited obligation bonds and notes | | | 194,790 | 167,002 | - | 27,788 | 167,002 | 28,611 | 4,665 | |
| Other General Long-Term Debt | | | | | | | | | | |
| Lease/Purchase | Various | 482,990 | 227,880 | 171,768 | - | 56,112 | 171,768 | 36,332 | 6,905 | |
| Total general long-term debt | | | 6,172,670 | 5,783,770 | - | 388,900 | 5,783,770 | 384,943 | 202,433 | |
| Proprietary Funds Debt | | | | | | | | | | |
| Water and sewer pollution control loans | 1997-2011 | 7,587,849 | 5,054,487 | 4,705,116 | - | 349,371 | 4,705,116 | 359,068 | 90,664 | |
| Lease/Purchase | Various | 174,014 | 110,392 | 414,674 | 365,611 | 61,329 | 414,674 | 57,169 | 15,401 | |
| Total proprietary funds debt | | | 5,164,879 | 5,119,790 | 365,611 | 410,700 | 5,119,790 | 416,237 | 106,065 | |
| Totals | | | \$ 11,337,549 | \$ 10,903,560 | \$ 365,611 | \$ 799,600 | \$ 10,903,560 | \$ 801,180 | \$ 308,498 | |

See independent auditors' report.

City of Moss Point, Mississippi
Schedule of Surety Bonds for Municipal Officials
And Other Municipal Employees

| Name | Position | Bond |
|---------------------|------------|-----------|
| Billy Broomfield | Mayor | \$ 50,000 |
| Adlean Liddell | City Clerk | 50,000 |
| Houston Cunningham | Alderman | 50,000 |
| James C. Smith | Alderman | 50,000 |
| Chuck Redmond | Alderman | 50,000 |
| Robert Byrd | Alderman | 50,000 |
| Shirley Chambers | Alderman | 50,000 |
| O. Linwood Grierson | Alderman | 50,000 |
| Gary Wayne Lennep | Alderman | 50,000 |

See independent auditors' report.

Section III
Compliance Section

City of Moss Point, Mississippi
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2014

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Moss Point, Mississippi under programs of the federal government for the year ended September 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Moss Point, Mississippi, it is not intended to and does not present the financial position, results of operations and cash flows of the City of Moss Point, Mississippi.

Note B - Summary of Significant Accounting Policies

1. General

The Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenditures when they are incurred. The expenditures are recognized following the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*.

2. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

3. Loan and Loan Guarantees

In accordance with OMB Circular A-133, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

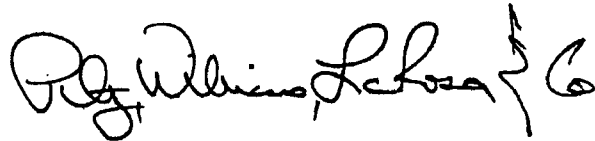
**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Moss Point, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "P. J. Williams, CPA". The signature is fluid and cursive, with a large "C" at the end.

Certified Public Accountants

Biloxi, Mississippi
June 24, 2015

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

The City of Moss Point, Mississippi's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. This response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

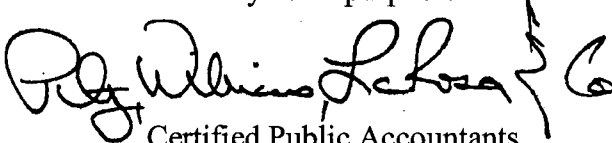
Report on Internal Control Over Compliance

Management of the City of Moss Point, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Moss Point, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Certified Public Accountants

Biloxi, Mississippi
June 24, 2015

City of Moss Point, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Section 3 – Findings and Questioned Costs Relating to Major Federal Awards

Finding 14-1

Condition: The federal reporting deadline for the City's 2010 Single Audit Reporting Package was June 30, 2011; however the City has not issued its Single Audit Reporting Package for the fiscal year ended September 30, 2010. Additionally, the federal reporting deadline for the City's 2012 Single Audit Reporting Package was June 30, 2013; however the City's Single Audit Reporting Package for the fiscal year ended September 30, 2012 was not submitted until February 24, 2014.

Criteria: Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, §.320, requires the City to submit its Single Audit Reporting Package to the federal clearinghouse no later than 9 months after fiscal year-end, unless the City's federal oversight agency approves an extension of this deadline.

Cause: The late completion of the City's audit contributed to the late submission of its Single Audit Reporting Package.

Effect: The late submission affects all federal programs the City administered. However, this finding does not result in a control deficiency in internal control over compliance or noncompliance for the individual federal programs, as this was not caused by the programs' administration.

Recommendation: The City should improve its financial reporting process so that it can submit its Single Audit Reporting Package to the federal clearinghouse no later than 9 months after fiscal year-end.

Response: The City of Moss Point will increase its oversight over its reporting process to ensure that the financial reports are submitted in a timely manner.

Finding 14-2

Coastal Impact Assistance Program, CFDA 15.668

Condition: The City of Moss Point submitted an expense for reimbursement, related to a reimbursement grant, before the item had been paid for by the city.

Criteria: Expense items should be paid prior to being submitted for reimbursement.

Cause: Funding was required for the significant expenditure.

Effect: Reimbursement could be received on an expenditure that does not end up being paid.

City of Moss Point, Mississippi
Summary Schedule of Prior Audit Findings
September 30, 2013

The following is an update of prior audit findings and is prepared in accordance with Office of Management and Budget Circular A-133, Section .315(b).

Finding 13-1

Summary of prior audit finding: The City of Moss Point does not have a comprehensive listing of all grants.

Status: Issue resolved.

Finding 13-2

Community Development Block Grant, CFDA 14.218

Summary of prior audit finding: The auditor discovered lack of evidence of the City's checking the GSA Excluded Parties List System (EPLS) prior to awarding contracts with two different contractors.

Status: Issue resolved.

Finding 13-3

Summary of prior audit finding: The City of Moss Point does not maintain an equipment inventory listing containing the information as required.

Status: Issue resolved.

Finding 13-4

Summary of prior audit finding: The City of Moss Point does not maintain copies of all monitoring reports and corrective action plans.

Status: Issue resolved.

Finding 13-5

Summary of prior audit finding: The federal reporting deadline for the City's 2010 Single Audit Reporting Package was June 30, 2011; however the City has not issued its Single Audit Reporting Package for the fiscal year ended September 30, 2010. Additionally the federal reporting deadline for the City's 2012 Single Audit Reporting Package was June 30, 2013; however the City's Single Audit Reporting Package for the fiscal year ended September 30, 2012 was not submitted until February 24, 2014.

Status: Issue unresolved.

Finding 13-6

Urban Youth Grant, CFDA 20.205

Summary of prior audit finding: The City of Moss Point submitted an expense for reimbursement that had been submitted and reimbursed in the prior year.

Status: Issue resolved.



CITY OF MOSS POINT

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Corrective Action Plan

SECTION 2 – Findings Relating to the Financial Statements

None

SECTION 3 – Findings and Questioned Cost Relating to Major Federal Awards

Finding 13-1 The City of Moss Point does not have a comprehensive listing of all grants.

Response: In October 2013 the corrective actions plan was implemented after all parties had meeting and discussed the findings. A schedule of federal awards will be maintained by the Community Development Director and Grant Writer in a spreadsheet. A schedule of expenditures against awards will be maintained by the City account which can be printed through the Project Accounting module of Incode.

Finding 13-2 The auditor discovered a lack of evidence of the City checking the GSA Excluded Parties List System (EPLS) prior to awarding contract with two different contractors.

Response: In October 2013 the corrective actions plan was implemented after all parties had meeting and discussed the findings. Community Development Director, Grant Writer along with appropriate department heads will check GSA Excluded Parties List System (EPLS) prior to awarding contracts and a copy of review list will be kept in grant file.

Finding 13-3 & Finding 14-1 The City of Moss Point does not maintain an equipment inventory listing containing the information as required.

Response: In October 2013 the corrective actions plan was implemented after all parties had meeting and discussed the findings. The Department heads will turn in to the City Clerk a list of equipment, vehicles etc. that was purchased with federal grant funds. In addition, the appropriate department will update that list on a quarterly basis and turn in to the City Clerk.

Finding 13-4 The City of Moss Point does not maintain copies of all monitoring reports and corrective action plans.

Response: In October 2013 the corrective actions plan was implemented after all parties had meeting and discussed the findings. The Community Development Director and Grant Writer will maintain copies of all monitoring reports and corrective action plans.

