

**Audited Financial Statements**  
**City of Moss Point, Mississippi**  
**Fiscal Year Ended September 30, 2017**



**City of Moss Point, Mississippi**

**Financial Statements**

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September 30, 2017

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**Section I**  
**Introductory Section**

**City of Moss Point, Mississippi**  
**City Officials**  
For the Year Ended September 30, 2017

**Elected City Officials**

Mayor ..... Mario King

**Board of Aldermen/Alderwomen**

Alderman at Large ..... David E. Chapman, Sr.  
Alderman Ward #1 ..... Sherwood Bradford  
Alderman Ward #2 ..... Chuck Redmond  
Alderman Ward #3 ..... Robert H. Byrd, Jr.  
Alderman Ward #4 ..... Ennit Morris  
Alderman Ward #5 ..... Floyd A. Downs  
Alderman Ward #6 ..... Gary Wayne Lennep

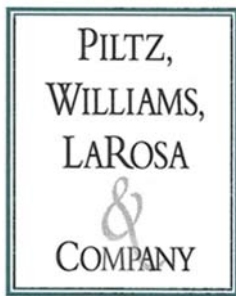
**Appointed City Officials**

**Department Heads**

City Clerk ..... Stephanie Coleman (Former)  
..... Tricia L. Thigpen (Current)  
City Attorney ..... Amy St. Pé  
Director of Finance ..... Francine Smith (Former)  
..... Charlotte Pitts (Former)  
..... Catherine Douglas (Former)  
..... Linda Green (Current)

## **Section II**

### **Financial Section**



CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Association

MEMBERS  
American Institute of CPAs  
AICPA Private Companies Practice Section  
AICPA Governmental Audit Quality Center  
AICPA Center for Audit Quality  
AICPA Employee Benefit Plan Audit Quality Center  
Mississippi Society of CPAs

Michael D. O'Neill, CPA  
John D. Prentiss, CPA  
Eric B. Bland, CPA  
David C. Neumann, CPA, CBA  
Mildrey Egües-Strickland, CPA

Gerald Piltz, CPA (1925-2013)  
Stanford A. Williams, Jr., CPA (1935-2017)  
Sam J. LaRosa, Jr., CPA (Retired)  
William S. Thompson, CPA (Retired)  
Gene M. Clark, Jr., CPA (Retired)  
Darrell L. Galey, CPA (Retired)  
Margaret D. Closson, CPA (Retired)  
Stephen P. Theobald, CPA, CVA

## Independent Auditors' Report

To the Honorable Mayor and Board of Alderman  
City of Moss Point  
Moss Point, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-10 and 17-18 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 an 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moss Point, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing



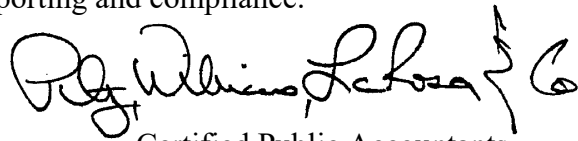
standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and supplemental information sections 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.

In addition, the State of Mississippi requires that municipalities submit a schedule of surety bonds maintained for city personnel in compliance with § 21-17-5 of Mississippi Code of 1972. This schedule has been presented on page 62. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of surety bonds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2019, on our consideration of the City of Moss Point, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Moss Point, Mississippi's internal control over financial reporting and compliance.



Certified Public Accountants

Biloxi, Mississippi  
May 24, 2019

## **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, 2017. 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 2017 and 2016, the City's net position amounted to \$40,842,519 and \$39,182,928, respectively. The net assets for governmental activities totaled \$13,061,938 in 2017 and \$23,917,026 in 2016, contributing 32% and 61%, respectively, of total net assets; business-type activities contributed 68% and 39%, totaling \$27,781,581 in 2017 and \$15,265,902 in 2016.
- General revenues for 2017 and 2016 were \$9,201,952 and \$8,653,726.
- Capital assets, net of accumulated depreciation, totaled \$69,840,386 in 2017 and \$66,272,663 in 2016.

### **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 statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline both functions of the City and business-type activities. The governmental activities of the City include police and fire protection, parks, recreation, public works, urban and economic development, and general administrative services. The business-type activities include the water, sewer and gas system, and solid waste management.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements – Fund financial statements tell how City services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements are comprised of the following funds: governmental and proprietary (enterprise) funds.

Fiduciary financial statements - Fiduciary funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Since fiduciary funds report assets held in a trustee or agency capacity for others, these funds cannot be used to support the government's own programs.

Notes to the financial statements – The notes provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found on pages 24 through 48 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process.

The City adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the general fund. This can be found on pages 17-18 of the report.

**Reporting the City's Most Significant Funds**

Fund financial statements begin on page 13 and provide detailed information about the most significant funds. Some funds are required to be established by State law. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two major types of funds are discussed below:

**Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

**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. The major proprietary fund is the Moss Point Public Utility Fund. This fund is 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, 2017 and 2016.

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 8,546,220	\$ 14,459,872	\$ (1,262,751)	\$ (2,829,919)	\$ 7,283,469	\$ 11,629,953
Deferred outflows	2,431,713	1,855,610	535,301	391,275	2,967,014	2,246,885
Capital assets	34,174,106	40,828,936	35,666,280	25,443,727	69,840,386	66,272,663
Total assets	<u>45,152,039</u>	<u>57,144,418</u>	<u>34,938,830</u>	<u>23,005,083</u>	<u>80,090,869</u>	<u>80,149,501</u>
Long-term debt outstanding	18,383,432	19,595,667	3,712,596	4,252,722	22,096,028	23,848,389
Deferred inflows	511,411	508,970	36,198	162,830	547,609	671,800
Net pension	11,877,528	11,677,040	2,663,080	2,612,958	14,540,608	14,289,998
Other liabilities	1,317,730	1,445,715	746,375	710,671	2,064,105	2,156,386
Total liabilities	<u>32,090,101</u>	<u>33,227,392</u>	<u>7,158,249</u>	<u>7,739,181</u>	<u>39,248,350</u>	<u>40,966,573</u>
Net assets:						
Investment in capital assets, net of related debt	15,790,674	24,191,392	31,953,684	21,190,897	47,744,358	45,382,289
Restricted	-	279,111	526,537	-	526,537	279,111
Unrestricted	<u>(2,728,736)</u>	<u>(553,477)</u>	<u>(4,699,640)</u>	<u>(5,924,995)</u>	<u>(7,428,376)</u>	<u>(6,478,472)</u>
Total net position	<u>\$ 13,061,938</u>	<u>\$ 23,917,026</u>	<u>\$ 27,780,581</u>	<u>\$ 15,265,902</u>	<u>\$ 40,842,519</u>	<u>\$ 39,182,928</u>

The City's restricted net assets (restricted by revenue source) accounted for 0% of total net assets in 2017 and 1% in 2016. Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 87% and 83% in 2017 and 2016, 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)

**Changes in net position** – The City's total revenues for the fiscal years ended September 30, 2017 and 2016 were \$24,597,316 and \$22,760,542 respectively. The total cost of all programs and services was \$21,150,531 and \$24,030,294. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2017 and 2016.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 411,719	\$ 995,610	\$ 12,010,203	\$ 9,604,298	\$ 12,421,922	\$ 10,599,908
Operating grants	801,326	1,713,720	-	-	801,326	1,713,720
Capital grants and contributions	2,164,843	1,827,249	-	-	2,164,843	1,827,249
General revenues						
Property taxes	5,083,548	4,409,931	-	-	5,083,548	4,409,931
Sales taxes	1,949,466	1,794,041	-	-	1,949,466	1,794,041
Franchise taxes	818,301	982,448	-	-	818,301	982,448
Other taxes	1,272,672	1,309,317	1,481	6,605	1,274,153	1,315,922
Other general revenues	77,965	157,989	5,792	(40,666)	83,757	117,323
Total revenues	12,579,840	13,190,305	12,017,476	9,570,237	24,597,316	22,760,542
<b>Expenses</b>						
General government	4,462,189	4,233,036	-	-	4,462,189	4,233,036
Public safety	3,959,816	7,248,706	-	-	3,959,816	7,248,706
Public works	1,976,826	2,032,720	-	-	1,976,826	2,032,720
Culture and recreation	364,793	776,269	-	-	364,793	776,269
Urban & economic development	375,389	318,573	-	-	375,389	318,573
Debt service - interest	172,473	233,102	-	-	172,473	233,102
Solid waste	822,642	864,858	-	-	822,642	864,858
Water, sewer & gas	-	-	9,016,403	9,323,030	9,016,403	9,323,030
Total expenses	12,134,128	15,707,264	9,016,403	8,323,030	21,150,531	24,030,294
<b>Increase (decrease) in net assets</b>						
before transfers	445,712	(2,516,959)	3,001,073	1,247,207	3,446,785	(1,269,752)
Transfers	(11,300,800)	1,918,920	9,513,606	(1,918,920)	(1,787,194)	-
Net increase (decrease) in net position	(10,855,088)	(598,039)	12,514,679	(671,713)	1,659,591	(1,269,752)
Net position, beginning of year	23,917,026	23,998,487	15,265,902	15,540,710	39,182,928	39,539,197
Prior period adjustment	-	516,578	-	396,905	-	913,483
Net position, beginning - restated	23,917,026	24,515,065	15,265,902	15,937,615	39,182,928	40,452,680
Net position, end of year	\$ 13,061,938	\$ 23,917,026	\$ 27,780,581	\$ 15,265,902	\$ 40,842,519	\$ 39,182,928

**Governmental activities**

The following table presents the cost of major City functional activities: general government, public safety, public works, culture and recreation, urban and economic development, natural disaster, solid waste, and debt service-interest. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

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

	Governmental Activities			
	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 4,462,189	\$ 2,259,005	\$ 4,233,036	\$ 1,843,392
Public safety	3,959,816	3,663,296	7,248,706	5,981,886
Public works	1,976,826	1,478,540	2,032,720	1,534,453
Culture and recreation	364,793	67,188	776,269	489,176
Urban & economic development	375,389	293,096	318,573	223,818
Solid waste	822,642	822,642	864,858	864,858
Debt Service - interest	172,473	172,473	233,102	233,102
<b>Total</b>	<b>\$ 12,134,128</b>	<b>\$ 8,756,240</b>	<b>\$ 15,707,264</b>	<b>\$ 11,170,685</b>

**Business-type activities**

The City's business-type activities generated a change in net position of \$12,514,679. This represents a significant increase from the previous year's change in net assets. The factors contributing to this decrease include:

- The Utilities had an increase in revenue over the prior year as a result of increased customer rates and collections.
- The Utilities also had an increase due to transfers in of new fixed assets constructed.

**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 \$4,832,352 compared to \$12,715,335 in the previous year. The decline in fund balance is primarily due to transfers of assets under construction in the governmental funds in the prior year which were transferred to the utilities fund.

**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 \$9,582,848 compared to \$10,726,759 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)

**Capital Asset and Debt Administration**

**Capital assets** – The City's total capital assets for 2017 and 2016 were \$58,323,594 and \$49,972,882, respectively. The City mainly invested in infrastructure improvements for the area. The following table presents a summary of the City's net assets for the fiscal years ended September 30, 2017 and 2016:

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,091,426	\$ 2,091,426	\$ 43,232	\$ 43,232	\$ 2,134,658	\$ 2,134,658
Construction in progress	4,878,387	20,448,931	-	1,308,532	4,878,387	21,757,463
Buildings	13,840,840	13,840,840	18,441,735	18,441,735	32,282,575	32,282,575
Improvements - other	2,245,610	2,245,610	-	-	2,245,610	2,245,610
Equipment	9,938,621	9,634,393	2,705,406	2,705,436	12,644,027	12,339,829
Infrastructure	23,614,710	13,583,359	64,540,902	51,906,450	88,155,612	65,489,809
Accumulated depreciation	(22,435,488)	(21,015,623)	(50,064,995)	(48,961,658)	(72,500,483)	(69,977,281)
Total	\$ 34,174,106	\$ 40,828,936	\$ 35,666,280	\$ 25,443,727	\$ 69,840,386	\$ 66,272,663

This year's major construction projects included:

	Expended through September 30, 2017	Remaining Commitment
Governmental activities:		
New Police Station	4,812,893	-
Sidewalks	65,494	-
Total governmental activities	4,878,387	-
Business-type activities	-	-
Total business-type activities	-	-
Total	\$ 4,878,387	\$ -



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

**Debt Administration**

At September 30, 2017, the City had \$23,280,351 in general obligation bonds and other long-term debt outstanding, of which \$1,412,113 is due within one year.

	Outstanding Debt at Year- End					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds (backed by the City)	\$ 4,460,000	\$ 4,800,000	\$ -	\$ -	\$ 4,460,000	\$ 4,800,000
Revenue bonds and notes (backed by specific tax and fee revenues)	140,719	14,402,700	4,345,994	3,972,308	4,486,713	18,375,008
Capital leases	13,745,776	132,647	301,613	269,148	14,047,389	401,795
Compensated absences	232,669	208,343	53,580	11,266	286,249	219,609
Total	<u>\$ 18,579,164</u>	<u>\$ 19,543,690</u>	<u>\$ 4,701,187</u>	<u>\$ 4,252,722</u>	<u>\$ 23,280,351</u>	<u>\$ 23,796,412</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 2018 budget, tax rates and fees to be charged for business-type activities.

**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 4320 McInnis Avenue, Moss Point, Mississippi.

## **Basic Financial Statements**

**City of Moss Point, Mississippi**  
**Statement of Net Position**  
**September 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 751,591	\$ 2,438,230	\$ 3,189,821
Restricted cash and cash equivalents	-	526,537	526,537
Receivables, net	2,182,757	1,205,147	3,387,904
Internal balances	5,508,383	(5,508,383)	-
Inventories	-	63,675	63,675
Prepaid expenses	103,489	12,043	115,532
Capital assets			
Land and construction in progress	6,969,813	5,216,275	12,186,088
Other (net of accumulated depreciation)	27,204,293	30,450,005	57,654,298
Total capital assets	<u>34,174,106</u>	<u>35,666,280</u>	<u>69,840,386</u>
Total assets	<u>42,720,326</u>	<u>34,403,529</u>	<u>77,123,855</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows on pension liability	<u>2,431,713</u>	<u>535,301</u>	<u>2,967,014</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	636,606	167,294	803,900
Deferred revenues	472,781	-	472,781
Customer deposits payable from restricted assets	-	526,537	526,537
Noncurrent liabilities			
Due within one year:			
Bonds, capital leases and notes payable	1,970,927	293,666	2,264,593
Compensated absences	98,007	13,395	111,402
Due in more than one year:			
Proportionate share of collective net pension liability	11,877,528	2,663,080	14,540,608
Bonds, capital leases and notes payable	16,412,505	3,418,930	19,831,435
Compensated absences	110,336	39,149	149,485
Total liabilities	<u>31,578,690</u>	<u>7,122,051</u>	<u>38,700,741</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows on pension liability	<u>511,411</u>	<u>36,198</u>	<u>547,609</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	15,790,674	31,953,684	47,744,358
Restricted for:			
Other purposes	-	526,537	526,537
Unrestricted	<u>(2,728,736)</u>	<u>(4,699,640)</u>	<u>(7,428,376)</u>
Total net position	<u>\$ 13,061,938</u>	<u>\$ 27,780,581</u>	<u>\$ 40,842,519</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, 2017

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		
					Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 4,462,189	\$ 88,733	\$ 130,111	\$ 1,984,340	\$ (2,259,005)	\$ -	\$ (2,259,005)
Culture and recreation	364,793	144,561	-	153,044	(67,188)	-	(67,188)
Public safety	3,959,816	178,425	90,636	27,459	(3,663,296)	-	(3,663,296)
Public works	1,976,826	-	498,286	-	(1,478,540)	-	(1,478,540)
Urban and economic development	375,389	-	82,293	-	(293,096)	-	(293,096)
Solid Waste	822,642	-	-	-	(822,642)	-	(822,642)
Interest and other, long-term debt	172,473	-	-	-	(172,473)	-	(172,473)
Total governmental activities	<u>12,134,128</u>	<u>411,719</u>	<u>801,326</u>	<u>2,164,843</u>	<u>(8,756,240)</u>	<u>-</u>	<u>(8,756,240)</u>
Business-type activities							
Water and sewer	9,016,403	12,010,203	-	-	-	2,993,800	2,993,800
Total primary government	<u>\$ 21,150,531</u>	<u>\$ 12,421,922</u>	<u>\$ 801,326</u>	<u>\$ 2,164,843</u>	<u>(8,756,240)</u>	<u>2,993,800</u>	<u>(5,762,440)</u>
General revenues							
Property taxes, levied for general purposes					5,083,548	-	5,083,548
Property taxes, levied for other purposes					532,886	-	532,886
Sales taxes					1,949,466	-	1,949,466
Franchise and utility taxes					818,301	-	818,301
Other taxes					739,786	1,481	741,267
Unrestricted investment earnings					12,034	235	12,269
Miscellaneous					65,931	5,557	71,488
Transfers					(11,300,800)	9,513,606	(1,787,194)
Total general revenues and transfers					<u>(2,098,848)</u>	<u>9,520,879</u>	<u>7,422,031</u>
Change in net position					(10,855,088)	12,514,679	1,659,591
Net position - beginning of period					23,917,026	15,265,902	39,182,928
Net position - end of period					<u>\$ 13,061,938</u>	<u>\$ 27,780,581</u>	<u>\$ 40,842,519</u>

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

**City of Moss Point, Mississippi**  
**Balance Sheet**  
**Governmental Funds**  
September 30, 2017

	General Fund	Federal Grants Fund	Other Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ (1,395,726)	\$ (1,118,687)	\$ 3,266,004	\$ 751,591
Accounts receivable, net	894,606	-	87,136	981,742
Due from other City funds	8,932,517	(629)	1,726,946	10,658,834
Prepays	103,889	-	-	103,889
Total assets	<u>\$ 8,535,286</u>	<u>\$ (1,119,316)</u>	<u>\$ 5,080,086</u>	<u>\$ 12,496,056</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable				
accrued liabilities	\$ 495,106	\$ -	\$ 115,659	\$ 610,765
Due to other City funds	2,935,492	106,989	3,537,278	6,579,759
Deferred revenue	473,181	-	-	473,181
Total liabilities	<u>3,903,779</u>	<u>106,989</u>	<u>3,652,937</u>	<u>7,663,705</u>
<b>Fund balances</b>				
Nonspendable				
Prepays	103,889	-	-	103,889
Restricted for debt service	-	-	947,448	947,448
Committed for capital improvements	-	-	(309,126)	(309,126)
Unassigned	4,527,618	(1,226,305)	788,828	4,090,141
Total fund balances	<u>4,631,507</u>	<u>(1,226,305)</u>	<u>1,427,150</u>	<u>4,832,352</u>
Total liabilities and fund balances	<u>\$ 8,535,286</u>	<u>\$ (1,119,316)</u>	<u>\$ 5,080,087</u>	<u>\$ 12,496,057</u>

*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, 2017

Total fund balances of governmental funds in the balance sheet, page 13		\$ 4,832,352
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.		34,174,106
Proportionate share of collective net pension liability		(11,877,528)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions	2,431,713	
Deferred inflows of resources related to pensions	(511,411)	<u>1,920,302</u>
Some receivables are not considered available to pay liabilities of the current period.		2,604,481
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	(18,383,432)	
Compensated absences	<u>(208,343)</u>	<u>(18,591,775)</u>
Net assets of governmental activities, page 11		<u><u>\$ 13,061,938</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 Balances**  
**Governmental Funds**

For the Fiscal Year Ended September 30, 2017

	General Fund	Federal Grants Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 4,756,502	\$ -	\$ 532,578	\$ 5,289,080
Franchise taxes	818,301	-	-	818,301
Sales and miscellaneous taxes	1,978,309	-	261,292	2,239,601
Licenses and permits	74,904	-	-	74,904
Fees and fines	194,887	-	-	194,887
Intergovernmental	526,220	214,301	356,034	1,096,555
Charges for services	59	-	49,270	49,329
Investment earnings	10,197	-	1,838	12,035
Other	176,161	-	489,618	665,779
Total revenues	<u>8,586,294</u>	<u>214,301</u>	<u>1,690,630</u>	<u>10,491,225</u>
<b>Expenditures</b>				
Current				
General government	3,720,423	-	-	3,720,423
Public safety	4,794,542	-	114,825	4,909,367
Public works	1,801,045	-	124,561	1,925,606
Cultural and recreation	338,200	-	136,702	474,902
Urban and economic development	-	-	266,663	266,663
Solid waste	822,642	-	-	822,642
Debt service				
Principal	-	-	674,976	674,976
Interest and other charges	-	-	197,329	197,329
Capital outlay	2,422,709	4,955	3,633,931	6,061,595
Total expenditures	<u>13,899,561</u>	<u>4,955</u>	<u>5,148,987</u>	<u>19,053,503</u>
Excess (deficiency) of revenues over expenditures	<u>(5,313,267)</u>	<u>209,346</u>	<u>(3,458,357)</u>	<u>(8,562,278)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,821,734	-	2,138,841	3,960,575
Transfers out	(800,000)	-	(2,481,279)	(3,281,279)
Total other financing sources (uses)	<u>1,021,734</u>	<u>-</u>	<u>(342,438)</u>	<u>679,296</u>
Net change in fund balance	(4,291,533)	209,346	(3,800,795)	(7,882,982)
Fund balances, beginning of year	8,923,040	(1,435,651)	5,227,946	12,715,335
Fund balances, end of year	<u>\$ 4,631,507</u>	<u>\$ (1,226,305)</u>	<u>\$ 1,427,151</u>	<u>\$ 4,832,353</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, 2017

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

Net change in fund balances of governmental funds, page 15 \$ (7,882,982)

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.

Expenditures for capital assets	6,061,595	
Less current year depreciation	(1,419,864)	4,641,731

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.

Bond and loan proceeds	-	
Lease payments	65,734	
Principal payments	506,702	572,436

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds. 1,201,015

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.

Pension expenditure		(1,920,302)
Transfers of assets to utilities		(7,466,986)

Change in net assets of governmental activities, page 12 \$ (10,855,088)

*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, 2017

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 6,500,000	\$ 6,500,000	\$ 7,563,841	\$ 1,063,841
Licenses and permits	76,200	76,200	74,904	(1,296)
Intergovernmental	1,696,487	1,671,487	1,303,894	(367,593)
Fines and forfeitures	553,600	553,600	194,887	(358,713)
Other	130,420	130,420	161,788	31,368
Total revenues	<u>8,956,707</u>	<u>9,006,807</u>	<u>9,445,927</u>	<u>439,120</u>
<b>Expenditures</b>				
General Government				
Personnel services	915,453	915,453	651,536	263,917
Supplies and other charges	1,084,890	1,381,504	2,116,540	(735,036)
Capital outlay	5,000	5,000	5,524	(524)
Total	<u>2,005,343</u>	<u>2,301,957</u>	<u>2,773,600</u>	<u>(471,643)</u>
Police				
Personnel services	2,350,871	2,325,871	2,188,534	137,337
Supplies and other charges	354,520	354,520	383,169	(28,649)
Capital outlay	35,906	35,906	-	35,906
Total	<u>2,741,297</u>	<u>2,716,297</u>	<u>2,571,703</u>	<u>144,594</u>
Fire				
Personnel services	2,220,316	2,220,316	1,942,521	277,795
Supplies and other charges	149,325	149,325	147,539	1,786
Capital outlay	36,528	36,528	36,528	-
Total	<u>2,406,169</u>	<u>2,406,169</u>	<u>2,126,588</u>	<u>279,581</u>
Sanitation				
Supplies and other charges	<u>850,000</u>	<u>850,000</u>	<u>751,508</u>	<u>98,492</u>

Continued on next page

*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, 2017  
(Continued)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Judicial Department				
Personnel services	181,387	181,387	182,101	(714)
Supplies and other charges	2,847	2,347	2,747	(400)
Total	<u>184,234</u>	<u>183,734</u>	<u>184,848</u>	<u>(1,114)</u>
Inspection Department				
Personnel services	185,723	185,723	184,791	932
Supplies and other charges	208,700	208,700	33,915	174,785
Total	<u>394,423</u>	<u>394,423</u>	<u>218,706</u>	<u>175,717</u>
Maintenance Department				
Personnel services	-	-	57,584	(57,584)
Supplies and other charges	2,000	2,000	21,999	(19,999)
Capital outlay	-	-	-	-
Total	<u>2,000</u>	<u>2,000</u>	<u>79,583</u>	<u>(77,583)</u>
Street Department				
Personnel services	-	-	2,254	(2,254)
Supplies and other charges	277,500	277,500	261,640	15,860
Capital outlay	327,400	327,400	27,343	300,057
Total	<u>604,900</u>	<u>604,900</u>	<u>291,237</u>	<u>313,663</u>
Data Processing				
Supplies and other charges	132,500	132,500	146,790	(14,290)
Capital outlay	50,000	50,000	113,042	(63,042)
Total	<u>182,500</u>	<u>182,500</u>	<u>259,832</u>	<u>(77,332)</u>
Safety & Human Resources				
Personnel services	117,832	117,832	142,965	(25,133)
Supplies and other charges	11,300	11,300	14,776	(3,476)
Total	<u>129,132</u>	<u>129,132</u>	<u>157,741</u>	<u>(28,609)</u>
Community Development				
Personnel services	109,697	109,697	102,311	7,386
Supplies and other charges	1,250	1,250	3,468	(2,218)
Total	<u>110,947</u>	<u>110,947</u>	<u>105,779</u>	<u>5,168</u>
Pelican Landing				
Supplies and other charges	67,400	67,400	61,723	5,677
Total expenditures	<u>10,093,242</u>	<u>9,949,459</u>	<u>9,582,848</u>	<u>366,611</u>
Excess (deficiency) of revenues over expenditures	<u>(1,136,535)</u>	<u>(942,652)</u>	<u>(136,921)</u>	<u>(72,509)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,763,875	2,871,875	2,253,583	(618,292)
Total other financing sources (uses)	<u>1,763,875</u>	<u>2,871,875</u>	<u>2,253,583</u>	<u>(618,292)</u>
Net change in fund balances	627,340	1,929,223	2,116,662	(690,801)
Fund balances, beginning of year	(851,618)	(851,618)	(851,618)	880,135
Fund balances, end of year	<u>\$ (224,278)</u>	<u>\$ 1,077,605</u>	<u>\$ 1,265,044</u>	<u>\$ 189,334</u>

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

**City of Moss Point, Mississippi**  
**Statement of Net Position**  
**Proprietary Funds**  
September 30, 2017

	<u>Business-Type Activities-Enterprise Funds</u>	
	<u>Major Fund</u>	
	<u>Moss Point Public Utility Fund</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 2,438,230	\$ 2,438,230
Restricted cash	526,537	526,537
Receivables:		
Customer accounts, net	1,203,246	1,203,246
Other	1,900	1,900
Due from other City funds	11,397,361	11,397,361
Gas inventory	63,675	63,675
Prepays	12,043	12,043
Total current assets	<u>15,642,992</u>	<u>15,642,992</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>35,666,280</u>	<u>35,666,280</u>
Total noncurrent assets	<u>35,666,280</u>	<u>35,666,280</u>
Deferred outflows of resources:		
Deferred outflows on pension liability	<u>535,301</u>	<u>535,301</u>
Total assets	<u>51,844,573</u>	<u>51,844,573</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	167,594	167,594
Customer deposits payable from restricted assets	526,537	526,537
Current portion of bond and notes	293,666	293,666
Compensated absences	13,395	13,395
Due to other City funds	16,905,443	16,905,443
Total current liabilities	<u>17,906,635</u>	<u>17,906,635</u>
Non-current liabilities:		
Proportionate share of collective net pension liability	2,663,080	2,663,080
Notes payable, non-current	3,417,894	3,417,894
Compensated absences	40,185	40,185
Total non-current liabilities	<u>6,121,159</u>	<u>6,121,159</u>
Deferred inflows of resources:		
Deferred inflows on pension liability	<u>36,198</u>	<u>36,198</u>
Total liabilities	<u>24,063,992</u>	<u>24,063,992</u>
<b>Net position</b>		
Invested in capital assets, net of related debt	31,954,720	31,954,720
Unrestricted	(4,174,139)	(4,174,139)
Total net position	<u>\$ 27,780,581</u>	<u>\$ 27,780,581</u>

*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, 2017

	<b>Business-Type Activities-Enterprise Funds</b>	
	Major Fund	
	Moss Point Public Utility Fund	Total Enterprise Funds
<b>Operating revenues</b>		
Charges for services:		
Water sales, sewer revenues		
penalties & installations, net	\$ 11,777,694	\$ 11,777,694
Other income	232,509	232,509
Total operating revenues	12,010,203	232,509
<b>Operating expenses</b>		
Personal services	454,976	454,976
Supplies and materials	2,198,928	2,198,928
Contractual services	3,767,146	3,767,146
Other supplies and expenses	54,079	54,079
Repairs and maintenance	325,654	325,654
Insurance claims and expenses	12,293	12,293
Utilities	568,496	568,496
Depreciation	1,103,337	1,103,337
Total operating expenses	8,484,909	8,484,909
Operating income (loss)	3,525,294	(8,252,400)
Non-operating revenues (expenses)		
Interest expense	(524,456)	(524,456)
Income before contributions and transfers	3,001,073	3,001,073
Transfers in (out)	9,513,606	9,513,606
Change in net position	12,514,679	12,514,679
Net position, beginning of year	15,265,902	15,265,902
Net position, end of year	\$ 27,780,581	\$ 27,780,581

*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, 2017

	<u>Business-Type Activities-Enterprise Funds</u>	
	<u>Major Funds</u>	
	Moss Point Public Utility Fund	Total Enterprise Funds
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 11,926,664	\$ 11,926,664
Receipts from interfund services provided		
Payments to suppliers	(6,930,419)	(6,930,419)
Payments for services of employees	(412,662)	(412,662)
Net cash provided by (used in) operating activities	4,583,583	4,583,583
<b>Cash flows from non-capital financing activities</b>		
Loans (to) from other funds	(664,119)	(664,119)
Transfers (to) from other funds	(2,423,039)	(2,423,039)
Net cash provided by (used in) non-capital financing activities	(3,087,158)	(3,087,158)
<b>Cash flows from capital and related financing activities</b>		
Retirement of debt	(139,677)	(139,677)
Interest paid on debt	(524,456)	(524,456)
Net cash provided by (used in) capital and related financing activities	(664,133)	(664,133)
Net increase (decrease) in cash and cash equivalents	832,527	832,527
Cash and cash equivalents, beginning of period	2,132,240	2,132,240
Cash and cash equivalents, end of period	\$ 2,964,767	\$ 2,964,767
Classified as:		
Current assets	\$ 2,438,230	\$ 2,438,230
Restricted assets	526,537	526,537
Totals	\$ 2,964,767	\$ 2,964,767

*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, 2017  
(Continued)

	<u>Business-Type Activities-Enterprise Funds</u>	
	<u>Major Funds</u>	
	<u>Moss Point Public Utility Fund</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 3,525,294	\$ 3,525,294
Adjustments not affecting cash		
Changes in assets and liabilities:		
Accounts receivable	(26,485)	(26,485)
Gas inventory	(14,316)	(14,316)
Prepays	12,293	12,293
Accounts payable and accrued expenses	(1,800)	(1,800)
Customer deposits	(14,740)	(14,740)
Net cash provided by (used in) operating activities	<u>\$ 4,583,583</u>	<u>\$ 4,583,583</u>

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

**City of Moss Point, Mississippi**  
**Statement of Net Position**  
**Fiduciary Funds**  
September 30, 2017

	Tax Collector's Fund
<b>Assets</b>	
Cash and cash equivalents	\$ -
Accounts receivable, net	-
Total assets	-
<b>Liabilities</b>	
Accounts payable and accrued liabilities	-
Due to other agencies	-
Total liabilities	-
<b>Net Position</b>	\$ -

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

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016

**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**  
September 30, 2017 and 2016  
(Continued)

**B. Basic Financial Statements**

**Government-Wide and Fund Financial Statements**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government-wide financial statements, including the *statement of net position* and the *statement of activities*, report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely extensively on fees and charges for support. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers 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 revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and 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 *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., measurable and available to pay liabilities of the current period. *Available* means collectible

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(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**  
September 30, 2017 and 2016  
(Continued)

**D. Fund Types and Major Funds**

**Governmental Funds**

Governmental funds are those funds through which the City finances most of its municipal services and are accounted for on the basis of a spending measurement focus. The focus on governmental funds is on the determination of changes in financial position rather than upon net income determination. The City's governmental funds are as follows:

**General Fund**

The General Fund is the City's primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in a separate fund.

**Other Non-Major Governmental Funds** is a summarization of all of the non-major governmental funds including:

**Special Revenue Funds**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Projects Funds**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Fiduciary Funds**

Fiduciary Funds are those funds used by the City to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

**Proprietary Fund Types**

The focus of Proprietary Fund measurement is upon determination of operating income, changes in fund net assets, financial position, and cash flows which is similar to businesses. The following is a description of the Proprietary Funds of the City:

**Proprietary Fund**

Proprietary Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(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 Prepays**

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. Prepays 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**  
September 30, 2017 and 2016  
(Continued)

**Compensated Absences**

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. For Proprietary Funds and the Government-wide Statements, the current portion is the amount estimated to be used in the following year. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) or long term portion for governmental funds is maintained separately and represents a reconciling item between the fund level and government-wide presentations.

**Interfund Transactions**

Numerous interfund transactions occur during the normal course of operations of the City. Disbursements made by one fund which are properly chargeable to another fund result in the creation of interfund receivables and payables. This type of transaction is normally settled by a cash transfer between the funds. All other interfund transactions are accounted for as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government wide columnar presentation. Any residual balances outstanding between governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

**Advances to Other Funds**

Various funds have made short-term advances to other funds. These advances, shown as “Due From Other Funds”, are temporary in nature, bear no interest, and are considered “available spendable resources”. Long-term advances, if any, are those for which the timing of repayment is uncertain: thus, an allocable portion of fund balance would be reserved in governmental funds.

**Bond Discounts, Bond Premiums, and Issuance Costs**

In governmental funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue and are shown as “Other Financing Sources (Uses)”.

In proprietary funds (and for governmental activities, in government-wide statements) bond discounts, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bonds payable, whereas issuance costs are recorded as other assets.

Historically, the City’s bond discount/premiums and issuance cost have not been material.

**Deferred Revenue**

In the governmental funds, certain revenue transactions have been reported as deferred revenue. Revenue can not be recognized until it has been earned and it becomes available to finance expenditures of the current fiscal period.

In proprietary funds (and for governmental activities in the Government-wide statements) deferred revenue is reported for unearned revenue, regardless of its availability.

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

**Fund Balance**

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.

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**  
September 30, 2017 and 2016  
(Continued)

**F. New Accounting Pronouncement**

During the fiscal year 2015 the City implemented the following GASB pronouncements:

In June 2012, GASB issued Statement No. 68: The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014.

In November 2013, the GASB issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date”. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014.

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(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, 2017 is as follows:



**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ 2,116,662
<b>Adjustments</b>	
To convert receivables	961,625
To convert prepaids	106,501
Changes in due to/from other funds	1,530,356
To convert liabilities	<u>(83,637)</u>
Totals, GAAP basis	<u>\$ 4,631,507</u>

**B. Deficit Fund Equity**

The following governmental funds are reporting liabilities in excess of assets resulting in deficit fund equity:

Community Development Block Grant Fund	\$ 291,806
Seized Assets Fund	3,465
Federal Disaster Assistance Fund	1,138,718
Capital Improvement Fund	271,731
Capital Projects Fund	441,623
E.U.D. Sewer System Rehab, PH II	5,146
Federal Grants Fund	1,226,350

**Note 3 – Property Tax Revenue**

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Jackson County Tax Assessor. The taxes on real and personal property attach as an enforceable lien on the property as of January 1 of each year. Taxes on real and personal property are levied by the Board of Aldermen at the first regular meeting in September. The City bills and collects its own property taxes and also bills and collects taxes for the Moss Point Municipal Separate School District. Taxes for the Moss Point Municipal Separate School District are also billed and collected by the county and remitted to the schools through the City.

In accordance with the Mississippi Code of 1972, as amended, the Board of Aldermen may levy taxes in any amount for general revenue purposes and general improvements. However, taxes for any assessment year may not exceed one hundred ten percent (110%) of the taxes collected for the prior assessment year. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation. In addition, the Board of Aldermen may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

The tax levies for the calendar years 2017, 2016 and 2015 (taxes collected in the fiscal years ending September 30, 2018, September 30, 2017 and September 30, 2016) are as follows:

	<u>2018 Millage</u>	<u>September 30, 2017 Millage</u>	<u>2016 Millage</u>
<b>City Funds</b>			
General Fund	47.27	43.19	43.19
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	4.88	4.88
Total City administered funds	<u>54.15</u>	<u>50.07</u>	<u>50.07</u>
<b>School Funds</b>			
District maintenance	53.35	57.20	57.61
School note redemption	4.89	5.12	4.21
Total School administered funds	<u>58.24</u>	<u>62.32</u>	<u>61.82</u>
Total levy	<u><u>112.39</u></u>	<u><u>112.39</u></u>	<u><u>111.89</u></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, 2017 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	\$ 751,591	\$ -	\$ 751,591
Proprietary funds	<u>1,896,867</u>	<u>554,796</u>	<u>2,451,663</u>
Totals	<u><u>\$ 2,648,458</u></u>	<u><u>\$ 554,796</u></u>	<u><u>\$ 3,203,254</u></u>

The City's bank balance at September 30, 2017, as reported by the various financial institutions, was \$3,460,593.

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

**Note 5 – Restricted Assets**

Restricted assets of \$554,796 at September 30, 2017, consist of the following:

Cash on deposit	\$ 554,796
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The above assets are restricted for the purpose of holding water and gas meter customer deposits.

**Note 6 – Receivables**

The Statement of Net Assets of the City of Moss Point includes the following receivables at September 30, 2017:

Taxes receivable:

Franchise taxes	\$ 299,751
Ad valorem taxes	235,404
Total taxes receivable	<u>\$ 535,155</u>

Customer accounts receivable:

Public utility charges	\$ 1,605,252
Less allowance for doubtful accounts	<u>(473,884)</u>
Total customer accounts receivable, net	<u>\$ 1,131,368</u>

Grants receivable:

Federal and state grants	<u>\$ 356,713</u>
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Other receivables:

Police court fines	\$ 11,298,335
Less allowance for doubtful accounts	<u>(10,150,191)</u>
Total police court fines receivable, net	<u>\$ 1,148,144</u>

**Note 7 – Prepaids**

Prepaids at September 30, 2017 consist of the following:

Governmental:

Prepaid insurance premiums	\$ 103,489
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Proprietary:

Prepaid insurance premiums	<u>12,043</u>
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Total prepaids	<u>\$ 115,532</u>
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**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

**Note 8 – Interfund Receivables and Payables**

Individual fund receivables and payables at September 30, 2017 were as follows:

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

	Due from Other Funds	Due to Other Funds
<b>Governmental Funds</b>		
General Fund	\$ 8,932,517	\$ 1,506,485
Special Revenue Funds:		
Library Fund	-	3,500
Municipalities Crime Prevention Grant Fund	3,967	-
Tidelands Grant Fund	900	17,199
Economic Development Resources Fund	250,655	67,993
Community Development Block Grant Fund	5,321	296,822
Federal Seized Asset Fund	19,622	3,730
Special Grants Fund	-	(52,438)
CDBG Disaster Supplemental Fund	589,545	106,874
Federal Grants Fund	(629)	106,989
Debt Service Funds:		
General Bond and Interest Retirement Fund	126,947	107,967
School Bond and Interest Retirement Fund	-	16,282
2013 G.O. Bond Fund	106,327	-
2010 Public Improvement Bond Fund	5,991	-
Capital Projects Funds:		
1998 General Obligation Bond Fund	98,346	109,891
1998 General Obligation Street Bond Fund	103,418	(3,941)
Natural Disaster Fund	219,660	14,100
Post Office Project Fund	-	5,573
Federal Disaster Assistance Fund	154,340	1,686,543
Capital Improvement Fund	-	271,731
Pelican Landing Project Fund	41,907	-
EUD Capital Projects	-	11,797
Capital Projects Fund	-	873,655
Total City funds	10,658,834	5,150,752
<b>Proprietary Funds:</b>		
Moss Point Public Utility Fund	11,397,361	16,905,443
Escatawpa Utility District	-	-
Public Utility Deposit Funds	-	-
Total Public Utility Funds	11,397,361	16,905,443
Totals	\$ 22,056,195	\$ 22,056,195

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

**Note 9 – Capital Asset Activity**

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,091,426	\$ -	\$ -	\$ 2,091,426
Construction in progress	20,448,931		15,570,544	4,878,387
Total capital assets not being depreciated	<u>22,540,357</u>	<u>-</u>	<u>15,570,544</u>	<u>6,969,813</u>
Capital assets being depreciated				
Buildings	13,840,840	-	-	13,840,840
Improvements other than buildings	2,245,610	-	-	2,245,610
Machinery and equipment	9,634,393	304,228	-	9,938,621
Infrastructure - streets and drainage	13,583,359	10,031,351	-	23,614,710
Total capital assets being depreciated	<u>39,304,202</u>	<u>10,335,579</u>	<u>-</u>	<u>49,639,781</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(5,540,173)	(443,674)	-	(5,983,847)
Machinery and equipment	(8,199,533)	(417,534)	-	(8,617,067)
Infrastructure - streets and drainage	(7,275,917)	(558,657)	-	(7,834,574)
Total accumulated depreciation	<u>(21,015,623)</u>	<u>(1,419,865)</u>	<u>-</u>	<u>(22,435,488)</u>
Net capital assets being depreciated	<u>18,288,579</u>	<u>8,915,714</u>	<u>-</u>	<u>27,204,293</u>
Net governmental activities assets	<u>\$40,828,936</u>	<u>\$ 8,915,714</u>	<u>\$ 15,570,544</u>	<u>\$ 34,174,106</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 43,232	\$ -	\$ -	\$ 43,232
Construction in progress	1,308,532	21,075	1,329,607	-
Total capital assets not being depreciated	<u>1,351,764</u>	<u>21,075</u>	<u>1,329,607</u>	<u>43,232</u>
Capital assets being depreciated:				
Buildings	18,441,735	-	-	18,441,735
Equipment	2,705,436	-	-	2,705,436
Infrastructure and improvements - other	51,906,450	12,634,421	-	64,540,871
Total capital assets being depreciated	<u>73,053,621</u>	<u>12,634,421</u>	<u>-</u>	<u>85,688,042</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(14,296,026)	(257,379)	-	(14,553,405)
Equipment	(2,278,011)	(32,470)	-	(2,310,481)
Infrastructure and improvements - other	(32,387,621)	(813,487)	-	(33,201,108)
Total accumulated depreciation	<u>(48,961,658)</u>	<u>(1,103,336)</u>	<u>-</u>	<u>(50,064,994)</u>
Net capital assets being depreciated	<u>24,091,963</u>	<u>11,531,085</u>	<u>-</u>	<u>35,623,048</u>
Net business-type activities assets	<u>\$25,443,727</u>	<u>\$11,552,160</u>	<u>\$ 1,329,607</u>	<u>\$ 35,666,280</u>

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

Depreciation expense was charged to functions/programs for the year ended September 30, 2017 as follows:

Governmental activities	
General government	\$ 1,419,865
Total depreciation expense - governmental activities	<u>\$ 1,419,865</u>
Business type activities	
Utility system revenue	\$ 1,103,336
Total depreciation expense - business-type activities	<u>\$ 1,103,336</u>
Total depreciation expense	<u>\$ 2,523,201</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, 2017:

	Beginning 10/01/16	Additions	Reductions	Ending 9/30/17	Amounts Due Within One Year
<b>Governmental activities</b>					
General obligation debt	\$ 4,800,000	\$ -	\$ 340,000	\$ 4,460,000	\$ 350,000
Notes payable	14,402,700	179,335	894,171	13,687,864	1,594,202
Capital leases	132,647	13,554,500	62,406	13,624,741	210,484
Compensated absences	208,343	-	-	208,343	98,007
Total governmental activities	<u>\$19,543,690</u>	<u>\$13,733,835</u>	<u>\$ 1,296,577</u>	<u>\$31,980,948</u>	<u>\$2,252,693</u>
<b>Business-type activities</b>					
Water and sewer	\$ 3,038,865	\$ -	\$ 295,810	\$ 2,743,055	\$ 196,150
Drinking water loan	933,443	-	61,041	872,402	62,242
Capital leases	269,148	-	33,838	235,310	35,270
Compensated absences	11,266	41,278	-	52,544	13,395
Total business-type activities	<u>\$ 4,252,722</u>	<u>\$ 41,278</u>	<u>\$ 390,689</u>	<u>\$ 3,903,311</u>	<u>\$ 307,057</u>

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

Bonds, notes, and other long-term debt payable at September 30, 2017 are comprised of the following individual issues:

	<u>Original Issue</u>	<u>Range of Interest Rates</u>	<u>Amount Outstanding 9/30/17</u>
<b>Governmental Activities</b>			
Bonds and Notes:			
General obligation capital improvement bonds, series 2013, due in biannual installments through 2033	\$ 2,470,000	2.25% - 2.875%	\$ 2,165,000
General Obligation Street Bonds, series 1998, due in various annual installments through 08/1/18	430,000	4.38% - 6.00%	115,000
Capital Improvements Revolving Loan, due in monthly installments of \$2,773 through 3/1/20	167,002	3.00%	97,397
Special obligation bond, series 2010, due in various annual installments through 6/01/30	2,545,000	2.00% - 3.75%	<u>2,180,000</u>
Total bonds and notes			<u>4,557,397</u>
Capital Leases:			
Capital lease note, payable in annual installments of \$36,527 through 10/20/18, secured by a fire truck	161,885	4.16%	68,737
Capital lease note, payable in monthly installments of \$664 through 10/24/20, secured by a 2016 Ford F-150	9,883	2.28%	23,135
Capital lease note, payable in bi-annual installments of \$603,683 through 4/1/30	13,554,500	3.35%	12,297,102
Capital lease note, payable in monthly installments of \$2,279 through 2/27/17, secured by a street sweeper	81,913		<u>5,524</u>
Total capital leases			12,394,498
Compensated absences			<u>208,343</u>
Total governmental long-term debt			<u>\$ 17,160,238</u>

(Continued)



**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

	Original Issue	Range of Interest Rates	Amount Outstanding 9/30/17
<b>Business Type Activities</b>			
Bonds and Notes:			
State Revolving Fund Loan, payable in monthly installments of \$4,524 through 4/1/17, secured by sales tax revenue	\$ 132,151	1.75%	\$ -
State Revolving Fund Loan, payable in monthly installments of \$7,429 through 11/1/17, secured by sales tax revenue	262,660	1.75%	14,776
State Revolving Fund Loan, payable in monthly installments of \$7,235 through 9/1/30 secured by sales tax revenue	1,210,746	1.75%	1,008,759
State Revolving Fund Loan, payable in monthly installments of \$6,477 through 5/1/31, secured by sales tax revenue	1,122,962	1.75%	944,209
State Revolving Fund Loan, payable in monthly installments of \$5,262 through 7/1/31, secured by sales tax revenue	920,104	1.75%	775,311
Drinking Water Systems Improvements Revolving Loan, payable in monthly installments of \$6,558 through 2/1/30, secured by sales tax revenues	1,056,493	1.95%	872,402
Total bonds and notes			3,615,457
Capital Leases:			
Capital lease note, payable in annual installments of \$45,227 through 11/1/22, secured by a fire truck	332,761		235,310
Total capital leases			235,310
Compensated absences			52,544
Total business-type activities long-term debt			\$ 3,903,311

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2017 follow and include interest on the variable rate debt.

Year Ended September 30,	Governmental Activities			
	Bonds and Notes		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 354,481	\$ 183,482	\$ 210,484	\$ 460,443
2017	370,378	170,833	823,966	447,272
2018	381,301	157,280	828,696	419,755
2019	277,254	140,266	852,252	391,642
2020	272,305	134,471	844,789	362,577
2021-2025	1,410,000	535,874	4,671,843	1,365,037
2026-2030	1,710,000	264,181	5,513,746	520,831
2031-2035	490,000	26,475	-	-
Totals	\$ 5,265,719	\$ 1,612,862	\$ 13,745,776	\$ 3,967,557

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

Year Ended September 30,	Business-type Activities			
	Bonds and Notes		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 369,208	\$ 80,614	\$ 32,465	\$ 12,762
2017	356,381	70,352	33,838	11,388
2018	258,392	62,835	35,270	9,956
2019	248,061	58,327	36,763	8,464
2020	252,566	53,822	38,318	6,909
2021-2025	1,333,331	198,611	124,959	10,721
2026-2030	1,419,408	73,183	-	-
2031-2035	108,647	760	-	-
Totals	<u>\$ 4,345,994</u>	<u>\$ 598,504</u>	<u>\$ 301,613</u>	<u>\$ 60,200</u>

The City is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The City's legal debt limit for general obligation bonds may be shown as follows:

Assessed valuations **2017** (inside the City):

Real property	\$ 50,288,504
Personal property	13,364,718
Public utility	13,797,561
Autos, estimated	<u>11,426,039</u>
Total assessed valuations	<u>\$ 88,876,822</u>
Fifteen percent (15%) of total assessed valuation	\$ 13,331,523
Less outstanding general issues at 9/30/17	<u>4,460,000</u>
Legal debt margin	<u>\$ 8,871,523</u>

The Board of Aldermen annually adopts a resolution providing for the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City. The millage rate for the year ended September 30, 2017, was 4.88 mills or \$4.88 per \$1,000 of assessed value.

On August 13, 1997, the City of Moss Point, Mississippi, through the Moss Point Redevelopment Authority (Lessor), executed a lease agreement with the United States Postal Service. Terms of the lease call for the lessor to lease a one story building and parking area to the Postal Service for an annual rental of \$377,589 for a fixed term of nineteen (19) years. The annual rental is payable in monthly installments. In addition to the general terms of the lease agreement, the Lessor has agreed to sell the building and improvements to the Postal Service at any time subsequent to the completion of building construction upon receiving notice from the Postal Service at least six months in advance. See below for the determination of the selling price.

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(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, 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 – Employees’ Retirement System**

### **General information about the Pension Plan**

#### **Plan description**

Substantially all of the City's fulltime employees participate in the Public Employees' Retirement System of Mississippi (PERS) - a cost sharing multiple-employer defined benefit plan. 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 can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

#### **Benefits provided**

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below age 65, whichever is less. Average compensation is the average of the employee's earnings during the 4 highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits as well as annual COLA adjustments. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

**Contributions**

PERS' members are required to contribute 9% 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 ending September 30, 2017, 2016, and 2013 were \$840,262, \$817,303 and \$778,949, respectively. These amounts were 100% of the required contributions.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2017, the City reported a liability of \$10,546,370 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was .086886%.

For the year ended September 30, 2017, the City recognized pension expense of \$512,209. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Governmental Activities:**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 133,261	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,238,307
City contributions subsequent to the measurement date	844,973	-
<b>Totals</b>	<b>\$ 978,234</b>	<b>\$ 1,238,307</b>

**City of Moss Point**  
**Notes to the Financial Statements**  
September 30, 2017 and 2016  
(Continued)

**Business-Type Activities**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,259	\$ -
Net difference between projected and actual earnings on pension plan investments	-	290,467
City contributions subsequent to the measurement date	197,409	-
Totals	<u>\$ 228,668</u>	<u>\$ 290,467</u>

\$1,042,382 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended **June 30, 2016**. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Net Outflows &amp; Inflows of Resources</u>	<u>Amortization of difference between expected and projected and actual experience and actual earnings</u>	
2016	\$ (323,013)	\$ 59,180	\$ (382,193)
2017	(323,013)	59,180	(382,193)
2018	(336,032)	46,161	(382,193)
2019	(382,194)		(382,194)
Total	<u>\$ (1,364,254)</u>	<u>\$ 164,520</u>	<u>\$ (1,528,774)</u>

**Required and Other Supplemental Information**

**City of Moss Point, Mississippi**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds - Special Revenue**  
September 30, 2017

**Non-**

<b>Assets</b>	Special Revenue						
	Municipalities			Economic		Federal	
	Library Fund	Fire Protection Fund	Crime Protection Grant Fund	Tidelands Grant Fund	Development Resources Fund	Seized Assets Fund	Seized Assets Fund
Cash	\$ 46,158	\$ 24,778	\$ 28,741	\$ 84,656	\$ 574,545	\$ 265	\$ 68,847
Accounts receivable, net	1,846	308	-	-	45,849	-	-
Due from other funds	-	-	3,967	900	250,655	-	19,622
<b>Total assets</b>	<b>\$ 48,004</b>	<b>\$ 25,086</b>	<b>\$ 32,708</b>	<b>\$ 85,556</b>	<b>\$ 871,049</b>	<b>\$ 265</b>	<b>\$ 88,469</b>
 <b>Liabilities &amp; Fund Balance</b>							
<b>Liabilities</b>							
Accounts payable	\$ 26,788	\$ -	\$ -	\$ -	\$ 3,783	\$ -	\$ -
Due to other funds	3,500	-	-	17,199	67,993	3,730	-
<b>Total liabilities</b>	<b>30,288</b>	<b>-</b>	<b>-</b>	<b>17,199</b>	<b>71,776</b>	<b>3,730</b>	<b>-</b>
 <b>Fund balance</b>							
Nonspendable prepaids	-	-	-	-	-	-	-
Committed for							
Capital improvements	-	-	-	-	-	-	-
Unassigned	17,717	25,086	32,708	68,357	799,274	(3,465)	88,468
<b>Total fund balances</b>	<b>17,717</b>	<b>25,086</b>	<b>32,708</b>	<b>68,357</b>	<b>799,274</b>	<b>(3,465)</b>	<b>88,468</b>
<b>Total liabilities &amp; fund balance</b>	<b>\$ 48,005</b>	<b>\$ 25,086</b>	<b>\$ 32,708</b>	<b>\$ 85,556</b>	<b>\$ 871,050</b>	<b>\$ 265</b>	<b>\$ 88,468</b>

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Combining Balance Sheet**  
**-Major Governmental Funds - Special Revenue**  
September 30, 2017

Special Revenue				
Emergency Shelter Grant Fund	Pelican Landing Operating Fund	Community Development Block Grant Fund	Special Grants Fund	CDBG Supplemental Grant Fund
\$ -	\$ -	\$ (237)	\$ 51	\$ (25,774)
-	-	-	-	-
-	-	5,321	-	589,545
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,084</u>	<u>\$ 51</u>	<u>\$ 563,771</u>
\$ -	\$ -	\$ 68	\$ -	\$ -
-	-	296,822	(52,438)	106,874
-	-	296,890	(52,438)	106,874
-	-	-	-	-
-	-	-	-	456,897
-	-	(291,806)	52,489	-
-	-	(291,806)	52,489	456,897
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,084</u>	<u>\$ 51</u>	<u>\$ 563,771</u>

*See independent auditors' report.*



**City of Moss Point, Mississippi**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
September 30, 2017

	Capital Projects			
	Redevelop- ment Authority Fund	Natural Disaster Fund	Federal Disaster Assistance Fund	1996 Public Improvement Bond Fund
<b>Assets</b>				
Cash	\$ -	\$ 15,517	\$ 393,485	\$ 26,447
Accounts receivable, net	-	-	-	-
Due from other funds	-	219,660	154,340	-
Total assets	<u>\$ -</u>	<u>\$ 235,177</u>	<u>\$ 547,825</u>	<u>\$ 26,447</u>
<b>Liabilities &amp; Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	14,100	1,686,543	-
Total liabilities	<u>-</u>	<u>14,100</u>	<u>1,686,543</u>	<u>-</u>
<b>Fund balance</b>				
Committed for capital improvements	<u>-</u>	<u>221,077</u>	<u>(1,138,718)</u>	<u>26,447</u>
Total liabilities & fund balance	<u>\$ -</u>	<u>\$ 235,177</u>	<u>\$ 547,825</u>	<u>\$ 26,447</u>

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
September 30, 2017

Capital Projects				
Post Office Project Fund	1998 Public Improvement Bond Fund	1998 Public Imp. Street Bond Fund	Pelican Landing Project Fund	Capital Improvement Fund
\$ 610,092	\$ 44,918	\$ -	\$ 56,513	\$ -
-	-	-	-	-
-	98,346	103,418	41,907	-
<u>\$ 610,092</u>	<u>\$ 143,264</u>	<u>\$ 103,418</u>	<u>\$ 98,420</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
5,573	109,891	(3,941)	-	271,731
<u>5,573</u>	<u>109,891</u>	<u>(3,941)</u>	<u>-</u>	<u>271,731</u>
604,519	33,373	107,359	98,420	(271,731)
<u>\$ 610,092</u>	<u>\$ 143,264</u>	<u>\$ 103,418</u>	<u>\$ 98,420</u>	<u>\$ -</u>

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
September 30, 2017  
(Continued)

	Capital Projects				
	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	Capital Projects Fund	E.U.D Sewer System Rehab, PH II
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ 483,766	\$ 6,651
Accounts receivable, net	-	-	-	33,286	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,052</u>	<u>\$ 6,651</u>
<b>Liabilities &amp; Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 85,020	\$ -
Due to other funds	-	-	-	873,655	11,797
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>958,675</u>	<u>11,797</u>
<b>Fund balance</b>					
Committed for capital improvements	-	-	-	(441,623)	(5,146)
Total liabilities & fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,052</u>	<u>\$ 6,651</u>

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
September 30, 2017

	Debt Service				
	Bond Redemption Fund	School Bond Redemption Fund	2013 G.O. Bond Fund	2010 Public Improvement Bond Fund	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 638,795	\$ 113,504	\$ 44,458	\$ 29,828	\$ 3,266,004
Accounts receivable, net	5,847	-	-	-	87,136
Due from other funds	126,947	-	106,327	5,991	1,726,946
Total assets	<u>\$ 771,589</u>	<u>\$ 113,504</u>	<u>\$ 150,785</u>	<u>\$ 35,819</u>	<u>\$ 5,080,087</u>
<b>Liabilities &amp; Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 115,659
Due to other funds	107,967	16,282	-	-	3,537,278
Total liabilities	<u>107,967</u>	<u>16,282</u>	<u>-</u>	<u>-</u>	<u>3,652,937</u>
<b>Fund balance</b>					
Nonspendable					
Prepays	-	-	-	-	-
Committed for capital improvements	-	-	-	-	(309,126)
Debt service	663,622	97,222	150,785	35,819	947,448
Unassigned	-	-	-	-	788,828
Total fund balances	<u>663,622</u>	<u>97,222</u>	<u>150,785</u>	<u>35,819</u>	<u>1,427,150</u>
Total liabilities & fund balance	<u>\$ 771,589</u>	<u>\$ 113,504</u>	<u>\$ 150,785</u>	<u>\$ 35,819</u>	<u>\$ 5,080,087</u>

*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, 2017

	Special Revenue						
	Library Fund	Fire Protection Fund	Municipalities	Tidelands Grant Fund	Economic Development Resources Fund	Law Enforcement Grant Fund	Seized Assets Fund
			Crime Prevention Grant Fund				
<b>Revenues</b>							
Property taxes	\$ 122,003	\$ 20,318	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-	261,292	-	-
Intergovernmental	-	-	-	153,044	-	-	-
Charges for services	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Other	-	870	26,590	-	-	-	2,774
Total revenues	<u>122,003</u>	<u>21,188</u>	<u>26,590</u>	<u>153,044</u>	<u>261,292</u>	<u>-</u>	<u>2,774</u>
<b>Expenditures</b>							
Current							
Public safety	-	-	22,368	-	-	-	74,368
Public works	-	-	-	-	-	-	-
Cultural and recreation	119,357	-	-	11,272	-	-	-
Urban and economic development	-	-	-	-	250,829	-	-
Capital outlay	-	-	-	18,913	-	-	-
Total expenditures	<u>119,357</u>	<u>-</u>	<u>22,368</u>	<u>30,185</u>	<u>250,829</u>	<u>-</u>	<u>74,368</u>
Excess of revenues over expenditures	<u>2,646</u>	<u>21,188</u>	<u>4,222</u>	<u>122,859</u>	<u>10,463</u>	<u>-</u>	<u>(71,594)</u>
<b>Other financing sources (uses)</b>							
Transfers out	<u>-</u>	<u>(45,792)</u>	<u>-</u>	<u>-</u>	<u>(600)</u>	<u>(34)</u>	<u>-</u>
Net change in fund balances	<u>2,504</u>	<u>(24,604)</u>	<u>4,222</u>	<u>122,859</u>	<u>9,863</u>	<u>(34)</u>	<u>(71,594)</u>
Fund balance, beginning of year	<u>15,212</u>	<u>49,689</u>	<u>28,486</u>	<u>(54,502)</u>	<u>789,412</u>	<u>34</u>	<u>68,128</u>
Fund balance, end of year	<u>\$ 17,716</u>	<u>\$ 25,085</u>	<u>\$ 32,708</u>	<u>\$ 68,357</u>	<u>\$ 799,275</u>	<u>\$ -</u>	<u>\$ (3,466)</u>

*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, 2017

Special Revenue									
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	Moss Point Recreation Programs	Americorp Program	CDBG Supplemental Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
(1)	-	-	82,293	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	2	-	-	-	-	-	-
64,535	-	-	1,641	15,534	-	-	-	-	-
<u>64,534</u>	<u>-</u>	<u>-</u>	<u>83,936</u>	<u>15,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18,089	-	-	-	-	-	-	-	-	-
-	-	-	124,561	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	15,534	-	-	-	-	-
256,709	-	-	-	-	-	-	-	-	-
<u>274,798</u>	<u>-</u>	<u>-</u>	<u>124,561</u>	<u>15,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(210,264)	-	-	(40,625)	-	-	-	-	-	-
-	(110)	(96,063)	(444)	-	1,991	(482)	(42,714)	3,275	-
(210,264)	(110)	(96,063)	(41,069)	-	1,991	(482)	(42,714)	3,275	-
298,733	110	96,063	(250,737)	52,489	(1,991)	482	42,714	(3,275)	456,897
<u>\$ 88,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (291,806)</u>	<u>\$ 52,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 456,897</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, 2017

	Capital Projects				
	Redevelop- ment Authority Fund	Natural Disaster Relief Fund	Natural Disaster Fund	Federal Disaster Assistance Fund	1996 Public Improvement Bond Fund
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	175	-
Other	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>-</u>
<b>Expenditures</b>					
Current					
Cultural and recreation	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>(37,731)</u>	<u>(11,387)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(37,731)</u>	<u>(11,387)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(37,731)</u>	<u>(11,387)</u>	<u>-</u>	<u>175</u>	<u>-</u>
Fund balance, beginning of year	<u>37,731</u>	<u>11,387</u>	<u>221,077</u>	<u>(1,138,894)</u>	<u>26,447</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,077</u>	<u>\$ (1,138,719)</u>	<u>\$ 26,447</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, 2017

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	49,270	-	-
-	-	-	-	-	-
377,589	-	-	-	-	-
377,589	-	-	49,270	-	-
-	-	-	6,073	-	-
334,976	-	-	-	-	-
18,073	-	-	-	-	-
-	-	-	-	-	-
353,349	-	-	6,073	-	-
24,240	-	-	43,197	-	-
-	-	-	-	-	1,066
-	-	-	-	-	(3,110)
-	-	-	-	-	(2,044)
24,240	-	-	43,197	-	(2,044)
580,279	33,373	107,359	55,225	(271,731)	2,044
\$ 604,519	\$ 33,373	\$ 107,359	\$ 98,422	\$ (271,731)	\$ -

*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, 2017

	Capital Projects				
	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	Capital Projects Fund	E.U.D Sewer System Rehab, PH II
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	1,646	-
Other	-	-	-	2	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,648</u>	<u>-</u>
<b>Expenditures</b>					
Current					
Cultural and recreation	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	3,337,235	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,337,235</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,335,587)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	83,412	-	-	2,054,505	-
Transfers out	<u>-</u>	<u>(641)</u>	<u>(9,884)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>83,412</u>	<u>(641)</u>	<u>(9,884)</u>	<u>2,054,505</u>	<u>-</u>
Net change in fund balances	<u>83,412</u>	<u>(641)</u>	<u>(9,884)</u>	<u>(1,281,082)</u>	<u>-</u>
Fund balance, beginning of year	<u>(83,412)</u>	<u>641</u>	<u>9,884</u>	<u>839,460</u>	<u>(5,146)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (441,622)</u>	<u>\$ (5,146)</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, 2017

	Debt Service					Total Governmental Funds
	Bond Redemption Fund	School Bond Redemption Fund	2013 G.O Bond Fund	1993 Bond & Interest Redemption Fund	2010 Public Improvement Bond Fund	
<b>Revenues</b>						
Property taxes	\$ 390,257	\$ -	\$ -	\$ -	\$ -	\$ 532,578
Sales and miscellaneous taxes	-	-	-	-	-	261,292
Intergovernmental	120,698	-	-	-	-	356,034
Investment earnings	-	-	15	-	-	1,838
Other	-	-	83	-	-	489,618
Total revenues	<u>510,955</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>1,690,630</u>
<b>Expenditures</b>						
Current						
Public safety	-	-	-	-	-	114,825
Public works	-	-	-	-	-	124,561
Cultural and recreation	-	-	-	-	-	136,702
Urban and economic development	-	-	-	-	-	266,663
Capital outlay	-	-	21,074	-	-	3,633,931
Total expenditures	<u>519,256</u>	<u>-</u>	<u>21,074</u>	<u>-</u>	<u>-</u>	<u>5,148,987</u>
Excess of revenues over expenditures	<u>(8,301)</u>	<u>-</u>	<u>(20,976)</u>	<u>-</u>	<u>-</u>	<u>(3,458,357)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	2,138,841
Transfers out	-	-	-	(8)	-	(243,734)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>1,895,107</u>
Net change in fund balances	<u>(8,301)</u>	<u>-</u>	<u>(20,976)</u>	<u>(8)</u>	<u>-</u>	<u>(1,563,250)</u>
Fund balance, beginning of year	<u>671,925</u>	<u>97,222</u>	<u>171,761</u>	<u>8</u>	<u>35,817</u>	<u>2,990,401</u>
Fund balance, end of year	<u>\$ 663,624</u>	<u>\$ 97,222</u>	<u>\$ 150,785</u>	<u>\$ -</u>	<u>\$ 35,817</u>	<u>\$ 1,427,151</u>

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Schedule of Long-Term Debt**  
September 30, 2017

	Date Issued	Original Issue	Balance			Balance September 30, 2017	Requirements Year Ended September 30, 2018	
			October 1, 2016	New Issues	Retirements		Principal	Interest
<b>General Obligation Bonds and Notes</b>								
General Obligation Capital Improvement, Series 2013	05/01/13	\$ 2,565,000	\$ 2,270,000	\$ -	\$ 105,000	\$ 2,165,000	\$ 105,000	\$ 55,856
General Obligation Public Improvement, Series 1998	08/01/98	1,500,000	225,000	-	110,000	115,000	115,000	5,463
Special Obligation Bond, Series 2010	06/01/10	3,000,000	2,305,000	-	125,000	2,180,000	130,000	93,987
Total general obligation bonds and notes			4,800,000	-	340,000	4,460,000	350,000	155,306
<b>Limited Obligation Bonds and Notes</b>								
Notes Payable	Various	14,924,325	14,402,700	179,335	894,171	13,687,864	1,594,202	820,530
Total limited obligation bonds and notes			14,402,700	179,335	894,171	13,687,864	1,594,202	820,530
<b>Other General Long-Term Debt</b>								
Lease/Purchase	Various	454,962	132,647	30,483	65,733	97,397	45,736	3,315
Total general long-term debt			19,335,347	209,818	1,299,904	18,245,261	1,989,938	979,151
<b>Proprietary Funds Debt</b>								
Water and sewer pollution control loans	1997-2011	6,937,849	3,972,308	-	356,851	3,615,457	258,392	62,835
Lease/purchase	Various	365,611	269,148	-	33,838	235,310	35,270	9,956
Total proprietary funds debt			4,241,456	-	390,689	3,850,767	293,662	72,791
Totals			\$ 23,576,803	\$ 209,818	\$ 1,690,593	\$ 22,096,028	\$ 2,283,600	\$ 1,051,942

*See independent auditors' report.*

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

<u>Position</u>	<u>Surety Company</u>	<u>Bond Amount</u>
Mayor	Travelers	\$ 50,000
Board of Alderman (7)	Travelers	50,000
Police Chief	Travelers	50,000
Police Dispatch (7)	Travelers	50,000
City Clerk	Travelers	50,000
Finance Director	Travelers	50,000
Deputy Clerks	Travelers	50,000
Tax Collector	Travelers	50,000
Tax Clerk	Travelers	50,000
Building Official	Travelers	50,000
Code Enforcement (2)	Travelers	50,000
Secretary	Travelers	50,000
Court Clerk	Travelers	50,000
Administrative Assistant	Travelers	50,000
Accounts Payable Clerk	Travelers	50,000
Accounting Clerk	Travelers	50,000
Records Clerk	Travelers	50,000
Utility Supervisors (2)	Travelers	50,000
Utility Clerks (5)	RLI Insurance	50,000
Recreation Superintendent	Travelers	50,000
Recreation Aides (2)	Travelers	50,000
HR Director	Travelers	50,000
Payroll Specialist	Travelers	50,000
Benefits Coordinator	Travelers	50,000
Program Director	Travelers	50,000
Pelican Landing Coordinator	Travelers	50,000

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Public Employees Retirement Plan of Mississippi**  
**Last Ten Fiscal Years\***  
**September 30, 2017**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
City's proportion of the net pension liability	<b>0.086886%</b>	<b>0.081403%</b>	<b>0.082194%</b>
City's proportionate share of the net pension liability	<b>\$ 10,546,370</b>	<b>\$ 14,289,998</b>	<b>\$ 12,366,422</b>
City's covered-employee payroll	<b>\$ 5,334,989</b>	<b>\$ 4,943,825</b>	<b>\$ 5,507,132</b>
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<b>197.68%</b>	<b>289.05%</b>	<b>224.55%</b>
Plan fiduciary net position as a percentage of the total pension liability	<b>67.21%</b>	<b>57.47%</b>	<b>61.70%</b>

The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

\*This schedule is presented to illustrate the requirement to show information for ten years. However, GASB 68 was implemented in the fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Schedule of City Contributions**  
**Public Employee's Retirement System of Mississippi**  
**Last Ten Fiscal Years \***  
**September 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 840,262	\$ 820,192	\$ 808,761
Contributions in relation to the contractually required contribution	<u>840,262</u>	<u>820,192</u>	<u>808,761</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 5,334,989	\$ 4,943,825	\$ 5,507,132
Contributions as a percentage of covered-employee payroll	15.75%	16.59%	14.69%

\*This schedule is presented to illustrate the requirement to show information for ten years. However, GASB 68 was implemented in the fiscal year ended September 30, 2015, and until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

*See independent auditors' report.*

**City of Moss Point, Mississippi**  
**Notes to Required Supplemental Information**  
**For the Year Ended September 30, 2017**

**Changes of Assumptions**

In 2013 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2013. In 2013, withdrawal rates, pre-retirement mortality rates, disability rates and retirement rates were adjusted to more closely reflect actual experience. In 2013, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

*See independent auditors' report.*

**Section III**  
**Compliance Section**



**City of Moss Point, Mississippi**  
**Schedule of Expenditures of Federal Awards**  
For the Fiscal Year Ended September 30, 2017

<u>Grantor Federal Agency / Pass-Through Agency / Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Federal Expenditures</u>
<b>United States Department of Justice Direct Programs</b>			
Juvenile Accountability Block Grants	16.523		\$ 31,268
Bulletproof Vest Partnership Program	16.607		7,538
Edward Byrne Memorial Justice Assistance Grant	16.738		15,534
Public Safety Partnership and Community Policing	16.710		44,422
Total			<u>98,762</u>
<b>Department of Housing &amp; Urban Development</b>			
Pass through MS Development Authority			
Community Development Block Grant	14.218		1,383,626
HUD	14.218		66,061
			<u>1,449,687</u>
<b>Department of Homeland Security</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>87,378</u>
<b>United States Environmental Protection Agency</b>			
Brownfields Assessment and Cleanup Cooperative Agreements	66818		<u>4,955</u>
<b>Department of Transportation</b>			
Highway Planning and Construction	20.205		<u>128,789</u>
<b>Department of Commerce</b>			
Economic Development Technical Assistance	11.303		<u>9,834</u>
Total expenditures of federal awards			<u>\$ 1,779,405</u>

*See accompanying notes to schedule of expenditures of federal awards.*

**City of Moss Point, Mississippi**  
**Notes to Schedule of Expenditures of Federal Awards**  
For the Fiscal Year Ended September 30, 2017

**Note 1 - 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, 2017. The information in this Schedule is presented in accordance with the Uniform Guidance. 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 2 - 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 the Uniform Guidance. The cost principles are applied based on the period of expenditures. The City of Moss Point has not elected to use the 10 percent de minimis indirect

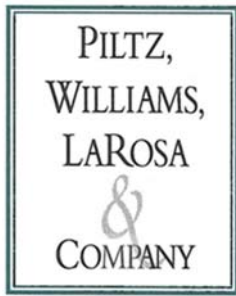
**2. Contingency**

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 Uniform Guidance, 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***



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John D. Prentiss, CPA  
Eric B. Bland, CPA  
David C. Neumann, CPA, CBA  
Mildrey Egües-Strickland, CPA

Gerald Piltz, CPA (1925-2013)  
Stanford A. Williams, Jr., CPA (1935-2017)  
Sam J. LaRosa, Jr., CPA (Retired)  
William S. Thompson, CPA (Retired)  
Gene M. Clark, Jr., CPA (Retired)  
Darrell L. Galey, CPA (Retired)  
Margaret D. Closson, CPA (Retired)  
Stephen P. Theobald, CPA, CVA

## **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***

Honorable Mayor and Board of Aldermen  
City of Moss Point  
Moss Point, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Moss Point, Mississippi's basic financial statements, and have issued our report thereon dated May 24, 2019.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Moss Point, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

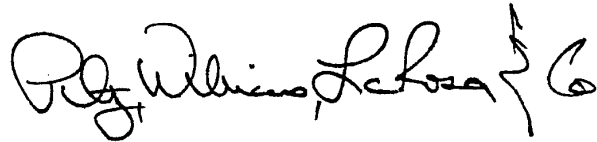
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of 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

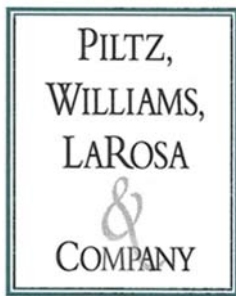
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in 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. Williams, CPA". The signature is stylized and includes a large, decorative flourish at the end.

Certified Public Accountants

Biloxi, Mississippi  
May 24, 2019

**Independent Auditors' Report on Compliance for  
Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**



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AICPA Center for Audit Quality  
AICPA Employee Benefit Plan Audit Quality Center  
Mississippi Society of CPAs

## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Michael D. O'Neill, CPA  
John D. Prentiss, CPA  
Eric B. Bland, CPA  
David C. Neumann, CPA, CBA  
Mildrey Egies-Strickland, CPA

Gerald Piltz, CPA (1925-2013)  
Stanford A. Williams, Jr., CPA (1935-2017)  
Sam J. LaRosa, Jr., CPA (Retired)  
William S. Thompson, CPA (Retired)  
Gene M. Clark, Jr., CPA (Retired)  
Darrell L. Galey, CPA (Retired)  
Margaret D. Closson, CPA (Retired)  
Stephen P. Theobald, CPA, CVA

Honorable Mayor and Board of Aldermen  
City of Moss Point  
Moss Point, Mississippi

### Report on Compliance for Each Major Federal Program

We have audited the City of Moss Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Moss Point, Mississippi's major federal programs for the year ended September 30, 2017. The City of Moss Point, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Moss Point, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Moss Point, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Moss Point, Mississippi's compliance.

### Opinion on Each Major Federal Program

In our opinion, the City of Moss Point, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying

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.

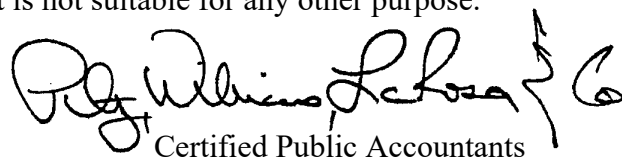
### **Report on Internal Control Over Compliance**

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Certified Public Accountants

Biloxi, Mississippi  
May 24, 2019



**City of Moss Point, Mississippi**  
**Schedule of Findings and Questioned Costs**  
For the Year Ended September 30, 2017

**Section 1 – Summary of Auditors’ Results**

1. An unmodified opinion was issued on the financial statements.
2. The audit identified material weaknesses or reportable conditions over financial reporting
3. The audit did not disclose any noncompliance which is material to the basic financial statements.
4. The audit identified material weaknesses in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. Audit findings which are required to be reported under 2 CFR section 200.516(a) are reported in Section III below.
7. The program tested as major was:

Community Development Block Grants/Entitlement Grants	14.218
---	--------
8. The dollar threshold used to distinguish between Type A and Type B Programs was \$750,000.
9. The auditee does not qualify as a low-risk auditee.

**Section 2 – Findings Relating to the Financial Statements**

**2017-001 Material Weakness**

*Condition*

Currently, grant monitoring is performed by each department head. In addition, the City has contracts with numerous companies to administer most of its capital construction grants. As a result, the persons with financial reporting responsibilities were unaware of expenditures incurred in the prior year that were not recorded in its general ledger and/or not considered during the cash to accrual conversion process of the preparation of its financial statements. Prior period adjustments were recorded in the current year to correct these errors.

*Criteria*

Guidelines for nonfederal entities expending federal assistance require establishing internal controls that ensure proper reporting and monitoring for Federal single audit and program-specific audits. Although the City has contracted companies to administer many of its federal capital construction grants, this does not relieve the City of its reporting and monitoring responsibilities under the award.

*Effect*

Improper grant reporting and monitoring could jeopardize grant funding due to findings and/or questioned costs during the performance of future single audits.

*Recommendation*

We recommend that the City designate a person with grant experience (e.g., Grant Writer) to monitor all grant awards. This person should assume the responsibility of overseeing all grant processes from the application submission through the three year records retention period. In addition, these responsibilities should include maintaining grant documentation and establishing internal controls that ensure federal guidelines and requirements are met. We also recommend that the City seek and hire an accountant with suitable skill, knowledge, and experience in governmental accounting to ensure that financial transactions are properly recorded and its financial statements are properly prepared.

#### *Management's Response*

The City agrees that the tracking of grants by individual departments has proven ineffective. All grants will be run through the Grant Writer's office so that she is aware of them for reporting purposes. In addition, the City has hired an experienced person to fill the City Accountant position and she has begun work to improve financial reporting and tracking.

### **2017-002 Material Weakness**

#### *Condition*

In the accounting department, the employee who receives and opens bank statements, and posts adjustments to general ledger cash accounts, also receives cash from departments, posts cash receipts, prepares and makes bank deposits, and performs the monthly bank account reconciliations process.

#### *Criteria*

Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or dishonesty. A fundamental concept in a good system of internal control is the segregation of duties. Proper internal controls over cash processes require segregation of duties.

#### *Effect*

Lack of segregation of duties could result in misappropriation of assets that would not be prevented or detected in a timely manner.

#### *Recommendation*

We recommend that the following practices be implemented to improve existing internal controls:

- Cash receipts from departments should be received, counted, logged, and deposited by someone other than the person posting cash receipts and performing bank account reconciliations.
- Cash receipts from departments should be included on daily logs. Log entries should be initialed and dated by persons turning in and receiving cash (e.g., Accounts Payable Clerk) as an indication of cash amounts verification.
- Cash deposits should be prepared and made by someone other than the person maintaining daily cash logs and the person posting cash receipts (e.g., Deputy City Clerk).
- The Accounting Clerk should reconcile the daily cash log to the validated deposit slip before posting the cash receipts in the general ledger. The monthly bank account reconciliation performed by the Accounting Clerk should be initialed and dated.
- Unopened bank statements should be received and reviewed, initialed and dated, by the City Clerk, who has no cash responsibilities. The City Clerk's review procedures should include a thorough review of cancelled checks for payee and endorsee discrepancies and unusual bank debits.

### *Management's Response*

Management agrees that further segregation of duties should be established as follows:

The Accounts Payable Clerk will receive, count, and log all cash receipts from departments. Bank deposits will be prepared and made by the Deputy City Clerk. The City Clerk will receive and open all bank statements before forwarding to the Accounting Clerk for reconciliation. The City Clerk will review bank account reconciliations and initial and date as proof of the review. With the hiring of a new City Clerk and City Accountant after the close of the year these procedures are being re-implemented and modified as necessary.

### **2017-003 Material Weakness**

#### *Condition*

Persons who receive and post payments in the tax collector department, also handle customer complaints, authorize adjustments, post adjustments to customer accounts, and prepare and make bank deposits.

#### *Criteria*

Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or dishonesty. A fundamental concept in a good system of internal control is the segregation of duties. Proper internal controls over cash processes require segregation of duties.

#### *Effect*

Lack of segregation of duties could result in misappropriation of assets that would not be prevented or detected in a timely manner.

#### *Recommendation*

We recommend that the following practices be implemented to improve existing internal controls:

- Cash receipts should be turned in to the accounting department each day for inclusion in the deposits made by the Deputy City Clerk and processed in the same manner as the other departments' cash receipts.
- Customer complaint resolution and adjustment authorization should be performed by the City Clerk.
- A sign should be posted at the Utilities and Tax department receipts counters and drive through window stating that a receipt should be received for all payments and instructing payee to contact the City Clerk's office if a receipt is not received.

### *Management's Response*

The City has contracted tax collection to the County and has eliminated the tax collection department. Tax collections performed at the City now are under the direction of the County.

### **2017-004 Significant Deficiency**

#### *Condition*

A review of the payroll register is not being performed by an employee independent of the payroll preparation process prior to the generation of payroll checks and posting of the payroll to the general ledger. The employee responsible for preparing payroll checks also distributes payroll checks, could

have access to unclaimed payroll checks, and can edit the payroll master file. In addition, payroll checks are signed electronically and are not reviewed by signees before distribution.

### *Criteria*

Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or dishonesty. A fundamental concept in a good system of internal control is the segregation of duties. Proper internal controls over cash processes require segregation of duties.

### *Effect*

Lack of segregation of duties could result in misappropriation of assets that would not be prevented or detected in a timely manner.

### *Recommendation*

In order to strengthen the controls over payroll, we recommend that the Human Resources department head review the payroll register prior to check printing as evidenced by signature and date. We also recommend that the City Clerk, electronic signee, review payroll checks and reconcile to the payroll register as evidenced by signature and date. We further recommend that the City encourage employees receiving checks to convert to direct deposit. For the few employees receiving checks, we recommend that a check sheet be created of payroll checks given to department heads for disbursement that requires employees to sign (initial and date) as evidence of receipt and the signed listing and any undisbursed checks be returned to and maintained by Human Resources, no later than 3 working days following the date the checks were picked up. We further recommend that all payroll inquiries be directed to the Human Resources department head or the City Clerk.

### *Management's Response*

Management will implement the following duties:

- The Human Resources department head and City Clerk will review the payroll register prior to the payroll process being finalized.
- All employees receiving paper checks will be encouraged to convert to direct deposit. A checklist will be created for employees to sign as evidence of receiving their checks. Signed checklist and undisbursed checks will be returned to Human Resources no later than 3 days after check date.
- All payroll inquiries will be directed to the Human Resources department head.

**City of Moss Point, Mississippi**  
**Schedule of Findings and Questioned Costs**  
For the Year Ended September 30, 2017

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

**Finding 2017-005**

*Condition:*

The auditor discovered lack of evidence of the City’s checking the System for Award Management System (SAMS) prior to awarding contracts to two contractors.

*Effect:*

There is a possibility that contracts could have been awarded to contractors that had been suspended or debarred. Neither above mentioned contract was awarded to a contractor that had been suspended or debarred.

*Cause:*

City personnel and the grant administrator failed to review the SAMS website prior to contract award.

*Criteria:*

The City should follow procurement standards which prohibit awarding contracts to any contractor who is listed as suspended or debarred in the SAMS List System.

*Recommendation:*

We recommend that the City implement procedures to ensure that, prior to contract award, City personnel review the SAMS website and maintain documentation of the review.

**Finding 2017-006**

*Condition:*

The federal reporting deadline for the City’s 2016 Single Audit Reporting Package was June 30, 2017; however, as of September 30, 2017, the City has not issued its Single Audit Reporting Package for the fiscal year ended September 30, 2016.

*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.

*Cause:*

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

*Criteria:*

Office of Management and Budget (OMB) Circular A-133 (Uniform Guidance) , *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.

**City of Moss Point, Mississippi**  
**Summary Schedule of Prior Audit Findings**  
September 30, 2017

*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's Single Audit reporting package for the fiscal year ended September 30, 2016 was submitted October 18, 2017.

## Summary Schedule of Prior Audit Findings

**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).**

### **2016-001 Material Weakness**

Grant monitoring is performed by each department head. In addition, the City has contracts with numerous companies to administer most of its capital construction grants. As a result, the persons with financial reporting responsibilities were unaware of expenditures incurred in the prior year that were not recorded in its general ledger and/or not considered during the cash to accrual conversion process of the preparation of its financial statements.

**Status:** Issue resolved.

### **2016-002 Material Weakness**

In the accounting department, the employee who receives and opens bank statements, and posts adjustments to general ledger cash accounts, also receives cash from departments, posts cash receipts, prepares and makes bank deposits, and performs the monthly bank account reconciliations process.

**Status:** Issue resolved.

### **2016-003 Material Weakness**

Persons who receive and post payments in the tax collector department, also handle customer complaints, authorize adjustments, post adjustments to customer accounts, and prepare and make bank deposits.

**Status:** Issue resolved.

### **2016-004 Significant Deficiency**

A review of the payroll register is not being performed by an employee independent of the payroll preparation process prior to the generation of payroll checks and posting of the payroll to the general ledger. The employee responsible for preparing payroll checks also distributes payroll checks, could have access to unclaimed payroll checks, and can edit the payroll master file. In addition, payroll checks are signed electronically and are not reviewed by signees before distribution.

**Status:** Issue resolved.

### **2016-005 Significant Deficiency**

Substantially all checks are signed electronically. We understand that the City Clerk, a check signee, is reviewing the dockets in detail and participating in/monitoring the docket approval by the Board. However, we noted that the check signees are not reviewing and reconciling checks to supporting documentation prior to distribution. In addition, the person who processes invoices and prepares the dockets also prints and mails the vendors' payment checks.

**Status:** Issue resolved.

### **2016-006**

The City did not obtain verification of contractors compliance with suspension and debarment requirements for one of the three construction contracts entered into for the project.

**Status:** Issue not resolved. We recommend that the City implement procedures to ensure that, prior to contract award, City personnel review the SAMS website and maintain documentation of the review.

### **2016-007**

The Authority did not submit notice of request for proposal to the Mississippi Procurement Technical Assistance Program for any of the three contract procurements associated with this project.

**Status:** Issue resolved.

### **2016-008**

Audit reports were not prepared and filed timely with the Federal Audit Clearinghouse (FAC).

**Status:** Issue resolved.

**Independent Auditors' Report on Compliance  
With State Laws and Regulations**

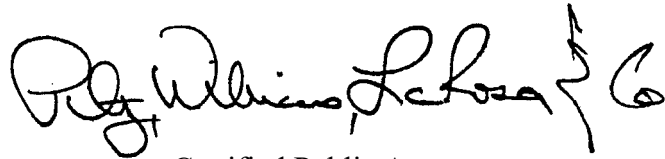
Honorable Mayor and Board of Aldermen  
City of Moss Point, Mississippi

We have audited the basic financial statements of the City of Moss Point, Mississippi, as of and for the year ended September 30, 2017, and have issued our report dated May 24, 2019. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the City's 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 "R. Williams, CPA", with a stylized flourish at the end.

Certified Public Accountants

Biloxi Mississippi  
May 24, 2019