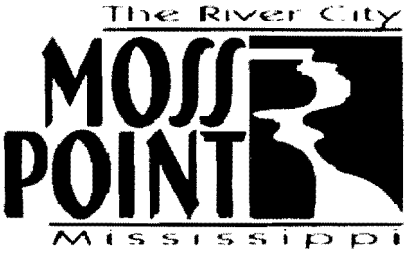
Audited Financial Statements

City of Moss Point, Mississippi

Fiscal Year Ended September 30, 2011



City of Moss Point, Mississippi

Financial Statements

September 30, 2011

Contents

C. Combining Financial Statements

D. Supplemental Information

III. COMPLIANCE SECTION

Section I

Introductory Section

City of Moss Point, Mississippi
City Officials
For the Year Ended September 30, 2011

City Officials

Mayor ..... Aneice Liddell

Board of Aldermen/Alderwomen

Alderman at Large ..... Houston Cunningham
Alderman Ward #1 ..... Sherwood Bradford
Alderman Ward #2 ..... Ruby Hill
Alderman Ward #3 ..... Robert Byrd
Alderman Ward #4 ..... Shirley Chambers
Alderman Ward #5 ..... Thomas Hightower
Alderman Ward #6 ..... George Martin Jr.

Department Heads

City Clerk ..... Adlean Liddell
City Attorney ..... Nathan Bosio
City Accountant ..... Shavay Gaines
Human Resources ..... Nicole Jacobs
Economic Development ..... Linda Holden
Parks and Recreation ..... Donna Joseph
Community Development ..... Daphne Viverette
Judicial ..... Maxine Conway
Building Inspections ..... Paul Sistrunk
Public Works ..... Chan Burns
Police ..... Sheila Smallman
Fire ..... Mike Dale

Section II

Financial Section

PILTZ,
WILLIAMS,
LAROSA
COMPANY

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

Stephen P. Theobald, CPA, CVA
Margaret D. Closson, CPA
Michael D. O'Neill, CPA
John D. Prentiss, CPA
Eric B. Bland, CPA
David C. Neumann, CPA, CBA

Gerald Piltz, CPA (Retired)
Stanford A. Williams, Jr., CPA (Retired)
Sam J. LaRosa, Jr., CPA (Retired)
William S. Thompson, CPA (Retired)
Gene M. Clark, Jr., CPA (Retired)
Darrell L. Galey, CPA

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi (City), as of and for the year ended September 30, 2011 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moss Point, Mississippi's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 2013 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* and should be considered in assessing the results of our audit.

CPAMERICA INTERNATIONAL Crowe Horwath International
1077 Tommy Munro Drive • Biloxi, Mississippi 39532 • P.O. Box 231 • Biloxi, Mississippi 39533-0231
Phone 228-374-4141 www.pwlcpa.com Fax 228-374-5521
CPA America Counts on CPAs

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 through 10 and 17 through 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moss Point, Mississippi's financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Moss Point, Mississippi. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Moss Point, Mississippi. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The remaining supplementary information has 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 it.

Certified Public Accountants

Biloxi, Mississippi
April 30, 2013

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, 2011. 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 2011 and 2010, the City's net assets amounted to $45,463,280 and $43,478,753, respectively. The net assets for governmental activities totaled $24,192,120 in 2011 and $21,841,759 in 2010, contributing 53% and 50%, respectively, of total net assets; business-type activities contributed 47% and 50%, totaling $21,270,360 in 2011 and $21,636,994 in 2010.

- General revenues for 2011 and 2010 were $8,063,980 and $8,774,684, equaling 32% and 35% of all revenues, respectively. Program specific revenues in the form of charges for services and grants and contributions were $17,147898 and $16,572,303 for 2011 and 2010, equaling 68% and 65% of total revenues.

- In 2011 and 2010, the City had $23,227,351 and $23,539,311 in expenses, respectively; only $17,147898 and $16,572,303 of these expenses were offset by program specific charges for services, grants and contributions.

- Capital assets, net of accumulated depreciation, totaled $52,653,653 in 2011 and $46,051,682 in 2010.

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 assets 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.

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 these 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 43 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 page 17 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.

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 assets and the statement of activities) and governmental funds in the reconciliations found on pages 14 and 16.

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

Government-wide Financial Analysis

Net assets – Net assets may serve over time as a useful indicator of government's financial position. The following table presents a summary of the City's net assets for the fiscal years ended September 30, 2011 and 2010.

Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 10,488,724	$ 14,366,933	$ (1,522,066)	$ (900,447)	$ 8,966,658	$ 13,466,486
Capital assets	21,579,575	16,882,388	31,074,078	29,169,294	52,653,653	46,051,682
Total assets	32,068,299	31,249,321	29,552,012	28,268,847	61,620,311	59,518,168
Long-term debt outstanding	6,188,657	6,075,573	6,604,381	5,733,512	12,793,038	11,809,085
Other liabilities	1,686,722	3,331,989	1,677,271	898,341	3,363,993	4,230,330
Total liabilities	7,875,379	9,407,562	8,281,652	6,631,853	16,157,031	16,039,415
Net assets:						
Investment in capital assets, net of related debt	15,293,019	10,034,130	24,153,411	23,487,666	39,446,430	33,521,796
Restricted	-	3,863,815	475,651	265,502	475,651	4,129,317
Unrestricted	8,899,901	7,943,814	(3,358,702)	(2,116,174)	5,541,199	5,827,640
Total net assets	$ 24,192,920	$ 21,841,759	$ 21,270,360	$ 21,636,994	$ 45,463,280	$ 43,478,753

The City's restricted net assets (restricted by revenue source) accounted for 1% of total net assets in 2011 and 9% in 2010. Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 87% and 77% in 2011 and 2010, respectively. The remaining balance consisted of unrestricted net assets, the part of net assets used to finance everyday operations without constraints of legal requirements.

Changes in net assets – The City's total revenues for the fiscal years ended September 30, 2011 and 2010 were $25,211,878 and $25,346,987, respectively. The total cost of all programs and services was $23,227,351 and $23,539,311. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2011 and 2010.

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for services	$ 1,965,685	$ 1,321,775	$ 7,390,812	$ 8,756,185	$ 9,356,497	$ 10,077,960
Operating grants	4,335,782	4,070,077	-	-	4,335,782	4,070,077
Capital grants and contributions	1,205,620	2,424,266	2,249,999	-	3,455,619	2,424,266
General revenues						
Property taxes	4,422,681	4,295,973	-	-	4,422,681	4,295,973
Franchise taxes	1,066,296	1,203,678	-	-	1,066,296	1,203,678
Other taxes	2,477,009	2,465,880	41,925	43,291	2,518,934	2,509,171
Other general revenues	46,566	763,045	9,503	2,817	56,069	765,862
Total revenues	15,519,639	16,544,694	9,692,239	8,802,293	25,211,878	25,346,987
Expenses					-	
General government	3,632,229	6,858,735	-	-	3,632,229	6,858,735
Public safety	5,320,663	6,166,105	-	-	5,320,663	6,166,105
Public works	2,733,808	522,359	-	-	2,733,808	522,359
Culture and recreation	681,121	502,032	-	-	681,121	502,032
Urban & economic development	151,164	75,798	-	-	151,164	75,798
Debt service - interest	157,733	116,583	-	-	157,733	116,583
Natural disaster	-	7,011	-	-	-	7,011
Solid waste	1,291,760	1,177,790	-	-	1,291,760	1,177,790
Water, sewer & gas		-	9,258,873	8,112,898	9,258,873	8,112,898
Total expenses	13,968,478	15,426,413	9,258,873	8,112,898	23,227,351	23,539,311
Increase (decrease) in net assets					-	
before transfers	1,551,161	1,118,281	433,366	689,395	1,984,527	1,807,676
Transfers	800,000	2,334,083	(800,000)	(2,334,083)	-	-
Net increase (decrease) in net assets	2,351,161	3,452,364	(366,634)	(1,644,688)	1,984,527	1,807,676
Net assets, beginning of year	21,841,759	18,389,395	21,636,994	23,281,682	43,478,753	41,671,077
Net assets, end of year	$ 24,192,920	$ 21,841,759	$ 21,270,360	$ 21,636,994	$ 45,463,280	$ 43,478,753

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.

	Governmental Activities			
	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	$ 3,632,229	$ (1,055,534)	$ 6,858,735	$ 527,308
Public safety	5,320,663	4,693,400	6,166,105	4,681,414
Public works	2,733,808	2,119,257	522,359	522,359
Culture and recreation	681,121	504,964	502,032	502,032
Urban & economic development	151,164	(60,213)	75,798	75,798
Natural disaster	-	-	7,011	7,011
Solid waste	1,291,760	101,784	1,177,790	1,177,790
Debt Service - interest	157,733	157,733	116,583	116,583
Total	$ 13,968,478	$ 6,461,391	$ 15,426,413	$ 7,610,295

Business-type activities
The City's business-type activities generated a change in net assets of $(366,634). This represents a increase of approximately $1,278,054 from the previous year's change in net assets. The factors contributing to this decrease include:

- The Utilities had an increase of approximately 10% in revenue from the previous year.
- The Utilities had an increase in expenses of 14% from the previous year.
- The Utilities had a change in transfers of 65%. This year the utility fund transferred $1,534,083 less money to the general fund.

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 $8,582,489 compared to $9,699,145 in the previous year. Activities within the general fund contributed to 59% and 58% of the fund balances in 2011 and 2010, respectively.

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

With these adjustments, the actual expenditures were $9,692,972 compared to $10,727,094 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.

Capital Asset and Debt Administration

Capital assets – The City's total capital assets for 2011 and 2010 were $52,653,651 and $46,051,682, 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, 2011 and 2010:

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	$ 2,131,823	$ 2,131,823	$ 131,117	$ 131,117	$ 2,262,940	$ 2,262,940
Construction in progress	5,847,825	3,916,209	-	3,551,689	5,847,825	7,467,898
Buildings	8,319,576	8,271,853	18,566,008	18,566,008	26,885,584	26,837,861
Improvements - other	1,185,585	126,906	-	-	1,185,585	126,906
Equipment	7,672,635	6,844,713	2,529,852	2,529,852	10,202,487	9,374,565
Infrastructure	11,632,313	9,942,728	51,906,450	44,591,358	63,538,763	54,534,086
Accumulated depreciation	(15,210,183)	(14,351,844)	(42,059,350)	(40,200,730)	(57,269,533)	(54,552,574)
Total	$ 21,579,574	$ 16,882,388	$ 31,074,077	$ 29,169,294	$ 52,653,651	$ 46,051,682

This year's major construction projects included:

	Expended through September 30, 2011	Remaining Commitment
Governmental activities:		
Moss Point Riverwak East	$ 469,241	$ 8,310
City Hall	2,559,218	670,896
Central Fire Station	1,738,880	186,718
Moss Point Riverwalk North	502,468	-
Main Street Improvements	611,171	222,158
Riverwalk South Parking Lot	285,787	1,000,650
Water System Improvements	1,689,585	-
Main Street Landscaping	183,548	5,695
McCall Avenue Improvements	312,722	-
Pelican Landing Parking Lot	243,490	-
Total governmental activities	8,596,110	2,094,427
Business-type activities		
Water System Repairs SRF 05	3,303,773	-
Sewer System Repairs SRF 04	1,292,581	-
Water Pollution Control SRF 03	1,438,524	-
Drinking Water Improvements DWI 01	1,280,215	-
Total business-type activities	7,315,093	-
Total	$ 15,911,203	$ 2,094,427

Debt Administration

At September 30, 2011, the City had $13,949,438 in general obligation bonds and other long-term debt outstanding, of which $1,156,401 is due within one year.

Outstanding Debt at Year- End

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
General obligation bonds (backed by the City)	$ 3,905,000	$ 4,495,000	$ -	$ -	$ 3,905,000	$ 4,495,000
Revenue bonds and notes (backed by specific tax and fee revenues)	2,069,541	2,232,047	6,894,278	5,637,472	8,963,819	7,869,519
Capital leases	312,014	130,976	26,389	44,156	338,403	175,132
Compensated absences	635,445	173,069	106,771	36,852	742,216	209,921
Total	$ 6,922,000	$ 7,031,092	$ 7,027,438	$ 5,718,480	$ 13,949,438	$ 12,749,572

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

On August 29, 2005, the City was severely impacted by Hurricane Katrina. The City is in the process of rebuilding, which will be the case over the next several years. The City anticipates the use of federal grants, insurance reimbursements and loans to help with the costs.

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates, and fees to be charged for business-type activities. The local economy is slowly recovering from the loss of several major industries and revenues due to Hurricane Katrina, but the prospects for new industries are improving.

Contacting the City's Financial Management

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

Basic Financial Statements

City of Moss Point, Mississippi
Statement of Net Assets
September 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 3,674,628	$ 1,488,577	$ 5,163,205
Restricted cash and cash equivalents	-	475,651	475,651
Receivables, net	2,487,464	594,660	3,082,124
Internal balances	4,251,344	(4,251,344)	-
Inventories	-	154,025	154,025
Prepaid expenses	75,288	16,365	91,653
Capital assets			
Land and construction in progress	7,979,648	5,428,432	13,408,080
Other (net of accumulated depreciation)	13,599,927	25,645,646	39,245,573
Total capital assets	21,579,575	31,074,078	52,653,653
Total assets	$ 32,068,299	$ 29,552,012	$ 61,620,311
Liabilities & Net Assets			
Liabilities			
Accounts payable and accrued expenses	$ 949,669	$ 778,563	$ 1,728,232
Deferred Revenues	3,709	-	3,709
Customer deposits payable from restricted assets	-	475,651	475,651
Noncurrent liabilities			
Due within one year:			
Bonds, capital leases and notes payable	574,483	396,364	970,847
Compensated absences	158,861	26,693	185,554
Due in more than one year:			
Bonds, capital leases and notes payable	5,712,073	6,524,303	12,236,376
Compensated absences	476,584	80,078	556,662
Total liabilities	7,875,379	8,281,652	16,157,031
Net assets			
Invested in capital assets, net of related debt	15,293,019	24,153,411	39,446,430
Restricted for:			
Other purposes	-	475,651	475,651
Unrestricted	8,899,901	(3,358,702)	5,541,199
Total net assets	$ 24,192,920	$ 21,270,360	$ 45,463,280

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, 2011

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental activities							
General government	$ 3,632,229	$ 95,969	$ 3,404,348	$ 1,187,446	$ 1,055,534	$ -	$ 1,055,534
Culture and recreation	681,121	157,983	-	18,174	(504,964)	-	(504,964)
Public safety	5,320,663	521,757	105,506	-	(4,693,400)	-	(4,693,400)
Public works	2,733,808	-	614,551	-	(2,119,257)	-	(2,119,257)
Urban and economic development	151,164	-	211,377	-	60,213	-	60,213
Solid Waste	1,291,760	1,189,976	-	-	(101,784)	-	(101,784)
Interest and other, long-term debt	157,733	-	-	-	(157,733)	-	(157,733)
Total governmental activities	13,968,478	1,965,685	4,335,782	1,205,620	(6,461,391)	-	(6,461,391)
Business-type activities							
Water and sewer	9,258,873	7,390,812	-	2,249,999	-	381,938	381,938
Total business-type activities	9,258,873	7,390,812	-	2,249,999	-	381,938	381,938
Total primary government	$ 23,227,351	$ 9,356,497	$ 4,335,782	$ 3,455,619	(6,461,391)	381,938	(6,079,453)
General revenues							
Property taxes, levied for general purposes					3,615,000	-	3,615,000
Property taxes, levied for other purposes					807,681	-	807,681
Sales taxes					1,679,785	-	1,679,785
Franchise and utility taxes					1,066,296	-	1,066,296
Other taxes					797,224	41,925	839,149
Unrestricted investment earnings					4,761	2,931	7,692
Miscellaneous					41,805	6,572	48,377
Transfers					800,000	(800,000)	-
Total general revenues and transfers					8,812,552	(748,572)	8,063,980
Change in net assets					2,351,161	(366,634)	1,984,527
Net assets - beginning of period					21,841,759	21,636,994	43,478,753
Net assets - end of period					$ 24,192,920	$ 21,270,360	$ 45,463,280

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Moss Point, Mississippi
Balance Sheet
Governmental Funds
September 30, 2011

	General Fund	CDBG Disaster Supplemental Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ (929,914)	$ 100	$ 4,602,251	$ 3,672,437
Accounts receivable, net	663,059	491,121	434,443	1,588,623
Due from other City funds	9,605,374	154,771	1,495,654	11,255,799
Prepaids	75,288	-	-	75,288
Total assets	$ 9,413,807	$ 645,992	$ 6,532,348	$ 16,592,147
Liabilities and Fund Balance				
Liabilities				
Accounts payable and accrued liabilities	$ 741,047	$ -	$ 233,002	$ 974,049
Due to other City funds	3,566,227	89,496	3,380,286	7,036,009
Deferred revenue	(400)	-	-	(400)
Total liabilities	4,306,874	89,496	3,613,288	8,009,658
Fund balances				
Nonspendable				
Prepaids	75,288	-	-	75,288
Restricted for debt service	-	-	2,245,321	2,245,321
Committed for capital improvements	-	556,496	71,713	628,209
Unassigned	5,031,645	-	602,026	5,633,671
Total fund balances	5,106,933	556,496	2,919,060	8,582,489
Total liabilities and fund balances	$ 9,413,807	$ 645,992	$ 6,532,348	$ 16,592,147

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 Assets
September 30, 2011

Total fund balances of governmental funds in the balance sheet, page 13		$ 8,582,489
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.		21,579,575
Some receivables are not considered available to pay liabilities of the current period.		952,857
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	(6,286,556)	
Compensated absences	(635,445)	(6,922,001)
Net assets of governmental activities, page 11		$ 24,192,920

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, 2011

	General Fund	CDBG Disaster Supplemental Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 3,615,000	$ -	$ 807,681	$ 4,422,681
Franchise taxes	1,066,296	-	-	1,066,296
Sales and miscellaneous taxes	1,711,204	-	362,031	2,073,235
Licenses and permits	74,393	-	-	74,393
Fees and fines	483,485	-	-	483,485
Intergovernmental	744,917	4,170,125	1,678,723	6,593,765
Charges for services	1,255,756	-	117,776	1,373,532
Investment earnings	1,996	-	2,765	4,761
Contribution in aid	22,000	-	-	22,000
Other	199,211	-	822,803	1,022,014
Total revenues	9,174,258	4,170,125	3,791,779	17,136,162
Expenditures				
Current				
General government	2,125,603	-	73,729	2,199,332
Public safety	5,595,586	-	34,744	5,630,330
Public works	1,087,134	-	332,959	1,420,093
Cultural and recreation	480,697	-	230,758	711,455
Urban and economic deveopment	94,618	-	241,698	336,316
Solid waste	1,291,760	-	-	1,291,760
Debt service				
Principal	-	-	796,772	796,772
Interest and other charges	-	-	278,418	278,418
Capital outlay	267,089	3,662,850	2,458,403	6,388,342
Total expenditures	10,942,487	3,662,850	4,447,481	19,052,818
Excess (deficiency) of revenues over expenditures	(1,768,229)	507,275	(655,702)	(1,916,656)
Other financing sources (uses)				
Transfers in	1,295,711	-	-	1,295,711
Transfers out	-	-	(495,711)	(495,711)
Total other financing sources (uses)	1,295,711	-	(495,711)	800,000
Net change in fund balance	(472,518)	507,275	(1,151,413)	(1,116,656)
Fund balances, beginning of year	5,579,451	49,221	4,070,473	9,699,145
Fund balances, end of year	$ 5,106,933	$ 556,496	$ 2,919,060	$ 8,582,489

The Accompanying Notes are an Integral Part of the Financial Statements.

CITY OF MOSS POINT

4320 McINNIS AVENUE • MOSS POINT, MISSISSIPPI 39563
OFFICE: 228-475-0300 • FAX: 228-475-6216

City of Moss Point
Office of the City Clerk
4320 McInnis Ave.
Moss Point, MS 39563

September 27, 2013

State of Mississippi
Office of the State Auditor
Post Office Box 956
Jackson, MS 39205

Ms. Chain:

Enclosed you will find an official copy of the City of Moss Point's Audited Financial Statement. This Audit is for the fiscal year ended September 2011.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Adlean Liddell
Adlean Liddell
Moss Point City Clerk

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, 2011

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

Net change in fund balances of governmental funds, page 15		$ (1,116,656)
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	3,987,837	
Less current year depreciation	(858,339)	3,129,498
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 assets. Repayment of borrowed principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net assets. This is the amount by which repayments exceed proceeds.		
Lease payments	63,277	
Principal payments	752,506	815,783
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.		
Compensated absences		(462,376)
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.		(15,088)
Change in net assets of governmental activities, page 12		$ 2,351,161

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, 2011

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	$ 6,325,511	$ 6,325,511	$ 6,180,767	$ (144,744)
Licenses and permits	93,000	93,000	75,518	(17,482)
Intergovernmental	807,429	807,429	695,232	(112,197)
Charges for services	1,348,973	1,348,973	1,150,688	(198,285)
Fines and forfeitures	542,800	542,800	483,485	(59,315)
Other	242,006	242,006	218,472	(23,534)
Total revenues	9,359,719	9,359,719	8,804,162	(555,557)
Expenditures				
General Government				
Personnel services	446,654	446,654	445,694	960
Supplies and other charges	1,008,269	1,008,269	559,463	448,806
Capital outlay	10,500	10,500	10,334	166
Total	1,465,423	1,465,423	1,015,491	449,932
Police				
Personnel services	1,983,938	1,983,938	1,878,826	105,112
Supplies and other charges	457,617	457,617	352,200	105,417
Capital outlay	8,400	8,400	2,726	5,674
Total	2,449,955	2,449,955	2,233,752	216,203
Fire				
Personnel services	2,144,734	2,144,734	2,272,784	(128,050)
Supplies and other charges	688,600	688,600	586,483	102,117
Capital outlay	53,390	53,390	40,659	12,731
Total	2,886,724	2,886,724	2,899,926	(13,202)
Economic Development & Public Relations				
Personnel services	86,549	86,549	86,526	23
Supplies and other charges	10,500	10,500	8,093	2,407
Total	97,049	97,049	94,619	2,430
Sanitation				
Supplies and other charges	1,275,000	1,275,000	1,216,377	58,623
Culture & Recreation				
Personnel services	178,576	178,576	234,166	(55,590)
Supplies and other charges	190,236	190,236	124,439	65,797
Capital outlay	46,400	46,400	34,669	11,731
Total	415,212	415,212	393,274	21,938

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, 2011
(Continued)

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
Judicial Department				
Personnel services	148,060	148,060	148,059	1
Supplies and other charges	10,000	10,000	3,544	6,456
Total	158,060	158,060	151,603	6,457
Inspection Department				
Personnel services	152,286	152,286	158,134	(5,848)
Supplies and other charges	38,900	38,900	27,797	11,103
Total	191,186	191,186	185,931	5,255
Public Works				
Personnel services	596,165	596,165	545,344	50,821
Supplies and other charges	565,500	565,500	429,940	135,560
Capital outlay	47,400	47,400	36,904	10,496
Total	1,209,065	1,209,065	1,012,188	196,877
Data Processing				
Supplies and other charges	10,000	10,000	6,782	3,218
Capital outlay	90,000	90,000	95,118	(5,118)
Total	100,000	100,000	101,900	(1,900)
Safety & Human Resources				
Personnel services	155,769	155,769	146,891	8,878
Supplies and other charges	28,600	28,600	19,252	9,348
Total	184,369	184,369	166,143	18,226
Community Development				
Personnel services	125,451	125,451	130,847	(5,396)
Supplies and other charges	22,200	22,200	18,656	3,544
Total	147,651	147,651	149,503	(1,852)
Pelican Landing				
Personnel services	14,000	14,000	10,625	3,375
Supplies and other charges	133,400	133,400	61,640	71,760
Total	147,400	147,400	72,265	75,135
Total expenditures	10,727,094	10,727,094	9,692,972	1,034,122
Excess (deficiency) of revenues over expenditures	(1,367,375)	(1,367,375)	(888,810)	(1,589,679)
Other financing sources (uses)				
Transfers in	1,415,660	1,415,660	1,295,711	(119,949)
Net change in fund balances	48,285	48,285	406,901	(1,709,628)
Fund balances, beginning of year	416,266	10,226,718	17,233,967	7,007,249
Fund balances, end of year	$ 464,551	$ 10,275,003	$ 17,640,868	$ 5,297,621

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Moss Point, Mississippi
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Business-Type Activities-Enterprise Funds		
	Major Fund		
	Moss Point Public Utility Fund	Escatawpa Utility District	Total Enterprise Funds
Assets			
Current assets:			
Cash	$ 755,631	$ 719,695	$ 1,475,326
Restricted cash	332,108	143,543	475,651
Receivables:			
Customer accounts, net	476,494	102,861	579,355
Other	28,966	(409)	28,557
Due from other City funds	5,589,444	2,311,411	7,900,855
Gas inventory	108,504	45,520	154,024
Prepaids	15,196	1,169	16,365
Total current assets	7,306,343	3,323,790	10,630,133
Noncurrent assets:			
Capital assets, net of accumulated depreciation	24,029,715	7,044,363	31,074,078
Total noncurrent assets	24,029,715	7,044,363	31,074,078
Total assets	31,336,058	10,368,153	41,704,211
Liabilities			
Current liabilities:			
Accounts payable	556,580	221,983	778,563
Customer deposits payable from restricted assets	332,108	143,543	475,651
Current portion of bond and notes	283,895	112,469	396,364
Compensated absences	17,152	9,541	26,693
Due to other City funds	7,893,669	4,258,530	12,152,199
Total current liabilities	9,083,404	4,746,066	13,829,470
Non-current liabilities:			
Notes payable, non-current	5,489,918	1,034,386	6,524,304
Compensated absences	51,456	28,622	80,078
Total non-current liabilities	5,541,374	1,063,008	6,604,382
Total liabilities	14,624,778	5,809,074	20,433,852
Net assets			
Invested in capital assets, net of related debt	18,255,902	5,897,508	24,153,410
Unrestricted	(1,544,622)	(1,338,429)	(2,883,051)
Total net assets	$ 16,711,280	$ 4,559,079	$ 21,270,359

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Moss Point, Mississippi
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2011

	Business-Type Activities-Enterprise Funds		
	Major Fund		
	Moss Point Public Utility Fund	Escatawpa Utility District	Total Enterprise Funds
Operating Revenues			
Charges for services:			
Water sales, sewer revenues penalties & installations, net	$ 5,346,875	$ 2,043,938	$ 7,390,813
Other income	-	48,497	48,497
Total operating revenues	5,346,875	2,092,435	7,439,310
Operating expenses			
Personal services	1,335,651	299,563	1,635,214
Supplies and materials	1,015,742	475,399	1,491,141
Contractual services	1,739,151	881,576	2,620,727
Other supplies and expenses	79,015	120,914	199,929
Repairs and maintenance	362,962	55,741	418,703
Insurance claims and expenses	192,414	10,819	203,233
Utilities	569,251	90,057	659,308
Depreciation	1,412,380	446,240	1,858,620
Total operating expenses	6,706,566	2,380,309	9,086,875
Operating income (loss)	(1,359,691)	(287,874)	(1,647,565)
Non-operating revenues (expenses)			
Interest income	1,997	933	2,930
Interest expense	(135,760)	(36,239)	(171,999)
Federal grants	2,249,999	-	2,249,999
Total non-operating revenues (expenses)	2,116,236	(35,306)	2,080,930
Income before contributions and transfers	756,545	(323,180)	433,365
Transfers out	(400,000)	(400,000)	(800,000)
Change in net assets	356,545	(723,180)	(366,635)
Net assets, beginning of year	16,354,735	5,282,259	21,636,994
Net assets, end of year	$ 16,711,280	$ 4,559,079	$ 21,270,359

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, 2011

	Business-Type Activities-Enterprise Funds		
	Major Fund		
	Moss Point Public Utility Fund	Escatawpa Utility District	Total Enterprise Funds
Cash flows from operating activities			
Receipts from customers	$ 4,891,914	$ 2,100,819	$ 6,992,733
Payments to suppliers	(3,901,718)	(1,587,979)	(5,489,697)
Payments for services of employees	(1,290,343)	(274,952)	(1,565,295)
Net cash provided by (used in) operating activities	(300,147)	237,888	(62,259)
Cash flows from non-capital financing activities			
Loans (to) from other funds	231,552		231,552
Transfers (to) from other funds	(400,000)	(400,000)	(800,000)
Net cash provided by (used in) non-capital financing activities	(168,448)	(400,000)	(568,448)
Cash flows from capital and related financing activities			
Grant revenues	2,249,999	-	2,249,999
Proceeds from capital debt	1,487,964	25,440	1,513,404
Acquisition of capital assets	(3,402,108)	-	(3,402,108)
Retirement of debt	(274,365)	-	(274,365)
Interest paid on debt	(135,760)	(36,239)	(171,999)
Net cash provided by (used in) capital and related financing activities	(74,270)	(10,799)	(85,069)
Cash flows from investing activities			
Interest and dividends on investments	1,997	933	2,930
Net cash provided by (used in) investing activities	1,997	933	2,930
Net increase (decrease) in cash and cash equivalents	(540,868)	(171,978)	(712,846)
Cash and cash equivalents, beginning of period	1,628,607	1,035,216	2,663,823
Cash and cash equivalents, end of period	$ 1,087,739	$ 863,238	$ 1,950,977
Classified as:			
Current assets	$ 755,631	$ 719,695	$ 1,475,326
Restricted assets	332,108	143,543	475,651
Totals	$ 1,087,739	$ 863,238	$ 1,950,977

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, 2011
(Continued)

	Business-Type Activities-Enterprise Funds		
	Major Fund		
	Moss Point Public Utility Fund	Escatawpa Utility District	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (1,359,691)	$ (287,874)	$ (1,647,565)
Adjustments not affecting cash			
Depreciation	1,412,380	446,240	1,858,620
Changes in assets and liabilities:			
Accounts receivable	(428,408)	(80,175)	(508,583)
Supplies inventory	(108,504)	-	(108,504)
Prepaids	590	2,342	2,932
Accounts payable and accrued expenses	210,039	68,796	278,835
Customer deposits	(26,553)	88,559	62,006
Net cash provided by (used in) operating activities	$ (300,147)	$ 237,888	$ (62,259)

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Moss Point, Mississippi
Statement of Net Assets
Fiduciary Funds
September 30, 2011

	Tax Collector's Fund
Assets	
Cash and cash equivalents	$ 136,341
Total assets	$ 136,341
Liabilities and Fund Balance	
Liabilities:	
Due to other agencies	$ 136,341
Total liabilities	$ 136,341

The Accompanying Notes are an Integral Part of the Financial Statements.

Note 1 – Summary of Significant Accounting Policies

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

The City's reporting entity applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. As required by GAAP, these financial statements present the City of Moss Point (the primary government) only.

A. Reporting Entity

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

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

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

Finally, management has identified one jointly governed organization (the Jackson County 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.

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 assets* 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 Assets, 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 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 fund 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.

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 Funds

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 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.

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 are stated at fair value.

Accounts Receivable

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

Inventories and Prepaids

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

Capital Assets

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

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

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

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.

Fund Equity

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

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

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

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

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

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

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

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

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

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 are 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, 2011 is as follows:

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	$ (888,810)
Adjustments	
To convert receivables	294,808
To convert prepaids	75,288
To convert liabilities	(1,249,515)
Totals, GAAP basis	$ (1,768,229)

B. Deficit Fund Equity

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

Seized Assets Fund	$ 1,069
Community Development Block Grant Fund	210,416
Moss Point Library Project Fund	2,119
Home Program Grant Fund	2,900
Federal Disaster Assistance Fund	1,613,716
Capital Improvement Fund	271,731
Hurricane Relief Grant Fund	1,066
Hazard Mitigation Program Fund	252,737
E.U.D. Sewer System Rehab Phase III Fund	5,157

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.

The tax levies for the calendar years 2011, 2010 and 2009 (taxes collected in the fiscal years ending September 30, 2012, September 30, 2011and September 30, 2010) are as follows:

	September 30,		
	2012 Millage	2011 Millage	2010 Millage
City Funds			
General Fund	41.34	40.00	40.00
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	5.00	8.00	8.00
Total City administered funds	48.34	50.00	50.00
School Funds			
District maintenance	58.79	57.79	57.79
School note redemption	4.76	4.10	4.10
Total School administered funds	63.55	61.89	61.89
Total levy	111.89	111.89	111.89

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, 2011 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:

	Unrestricted	Restricted	Total
Governmental funds	$ 3,667,988	$ -	$ 3,674,628
Proprietary funds	1,481,966	475,651	1,964,228
Totals	$ 5,126,552	$ 475,651	$ 5,625,605

The City's bank balance at September 30, 2011, as reported by the various financial institutions, was $6,215,988.

Note 5 – Restricted Assets
Restricted assets of $475,651 at September 30, 2011, consist of the following:

Cash on deposit	$	475,651

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, 2011:

Taxes receivable:		
Franchise taxes	$	248,490
Ad valorem taxes		270,479
Total taxes receivable	$	518,969
Customer accounts receivable:		
Public utility charges	$	694,255
Less allowance for doubtful accounts		(115,231)
Total customer accounts receivable, net	$	579,024
Grants receivable:		
Federal and state grants	$	1,092,254
Other receivables:		
Other	$	39,863
Police court fines		4,932,625
Less allowance for doubtful accounts		(4,080,611)
Total police court fines receivable, net		852,014
Total other receivables	$	891,877

Note 7 – Prepaids
Prepaids at September 30, 2011 consist of the following:

Governmental:		
Prepaid insurance premiums	$	75,288
Proprietary:		
Prepaid insurance premiums		16,365
Total prepaids	$	91,653

Note 8 – Interfund Receivables and Payables
Individual fund receivables and payables at September 30, 2011 were as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds		
General Fund	$ 9,605,374	$ 3,566,227
CDBG Disaster Supplemental Fund	154,771	89,496
Special Revenue Funds:		
Fire Protection Fund	45,791	-
Library Fund	142	3,500
Municipalities Crime Prevention Grant Fund	3,967	-
Tidelands Grant Fund	900	16,622
Economic Development Resources Fund	251,255	67,993
Pelican Landing Operating Fund	41,479	65,953
Community Development Block Grant Fund	66,517	278,513
Federal Seized Asset Fund	64,141	3,740
Moss Point Library Project Fund		75,103
Home Program Grant Fund		2,000
Debt Service Funds:		
General Bond and Interest Retirement Fund	126,947	103,335
School Bond and Interest Retirement Fund	-	16,282
1993 General Obligation Bond and Interest Retirement	-	83
2010 Public Improvement Bond Fund	440,955	
Capital Projects Funds:		
1998 General Obligation Bond Fund	98,346	109,891
1998 General Obligation Street Bond Fund	8,143	(96,716)
Redevelopment Authority Fund	-	600
Natural Disaster Fund	219,670	14,100
Post Office Project Fund	-	9,537
Federal Disaster Asistance Fund	33,255	2,130,811
Capital Improvement Fund	-	271,917
1996 Public Improvement Bond Fund		475
Pelican Landing Project Fund	41,907	-
Hazard Mitigation Program		252,837
USRDA Self Help Grant	542	
DEQ Gulf Region Disaster Recovery	51,697	41,913
EUD Capital Projects	-	11,797
Tax Collection fund	31,554	-
Total City funds	11,287,353	7,036,009
Proprietary Funds:		
Moss Point Public Utility Fund	5,589,444	7,893,669
Escatawpa Utility District	2,311,411	4,258,530
Total Public Utility Funds	7,900,855	12,152,199
Totals	$ 19,188,208	$ 19,188,208

Note 9 – Capital Asset Activity

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Increases	Decreases	Balance September 30, 2011
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 2,131,823	$ -	$ -	$ 2,131,823
Construction in progress	3,916,209	4,679,880	2,748,264	5,847,825
Total capital assets not being depreciated	6,048,032	4,679,880	2,748,264	7,979,648
Capital assets being depreciated				
Buildings	8,271,853	47,723	-	8,319,576
Improvements other than buildings	126,906	1,058,679	-	1,185,585
Machinery and equipment	6,844,713	827,922	-	7,672,635
Infrastructure - streets and drainage	9,942,728	1,689,585	-	11,632,313
Total capital assets being depreciated	25,186,200	3,623,909	-	28,810,109
Less accumulated depreciation for:				
Buildings	(3,242,781)	(192,172)	-	(3,434,953)
Improvements other than buildings	(37,999)	(14,364)	-	(52,363)
Machinery and equipment	(5,806,306)	(335,767)	-	(6,142,073)
Infrastructure - streets and drainage	(5,264,758)	(316,036)	-	(5,580,794)
Total accumulated depreciation	(14,351,844)	(858,339)	-	(15,210,183)
Net capital assets being depreciated	10,834,356	2,765,570	-	13,599,926
Net governmental activities assets	$ 16,882,388	$ 7,445,450	$ 2,748,264	$ 21,579,574
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 131,117	$ -	$ -	$ 131,117
Construction in progress	3,551,689	3,763,403	7,315,092	-
Total capital assets not being depreciated	3,682,806	3,763,403	7,315,092	131,117
Capital assets being depreciated:				
Buildings	18,566,008	-	-	18,566,008
Equipment	2,529,852	-	-	2,529,852
Infrastructure and improvements - other	44,591,358	7,315,092	-	51,906,450
Total capital assets being depreciated	65,687,218	7,315,092	-	73,002,310
Less accumulated depreciation for:				
Buildings	(12,428,838)	(348,265)	-	(12,777,103)
Equipment	(2,320,588)	(31,892)	-	(2,352,480)
Infrastructure and improvements - other	(25,451,304)	(1,478,463)	-	(26,929,767)
Total accumulated depreciation	(40,200,730)	(1,858,620)	-	(42,059,350)
Net capital assets being depreciated	25,486,488	5,456,472	-	30,942,960
Net business-type activities assets	$ 29,169,294	$ 9,219,875	$ 7,315,092	$ 31,074,077

Depreciation expense was charged to functions/programs for the year ended September 30, 2011 as follows:

Governmental activities	
General government	$ 858,339
Total depreciation expense - governmental activities	$ 858,339
Business type activities	
Utility system revenue	$ 1,412,380
EUD system revenue	446,240
Total depreciation expense - business-type activities	$ 1,858,620
Total depreciation expense	$ 2,716,959

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, 2011:

	Beginning 10/01/10	Additions	Reductions	Ending 9/30/11	Amounts Due Within One Year
Governmental activities					
General Obligation Debt	$ 4,495,000	$ -	$ 590,000	$ 3,905,000	$ 350,000
Notes Payable	813,107	-	162,506	650,601	161,152
Special Community Disaster Loan	1,418,940		-	1,418,940	-
Capital leases	130,976	244,315	63,277	312,014	63,331
Compensated absences	173,069	462,376		635,445	158,861
Total governmental activities	$ 7,031,092	$ 706,691	$ 815,783	$ 6,922,000	$ 733,344
Business-type activities					
Water and Sewer	$ 3,268,451	$ 1,492,035	$ 202,291	$ 4,558,195	$ 328,809
Drinking water loan	1,258,847	21,369	54,307	1,225,909	55,375
Special community disaster loan	1,110,174	-	-	1,110,174	-
Capital leases	44,156		17,767	26,389	12,180
Compensated absences	36,852	69,919		106,771	26,693
Total business-type activities	$ 5,718,480	$ 1,583,323	$ 274,365	$ 7,027,438	$ 423,057

Bonds, notes, and other long-term debt payable at September 30, 2011 are comprised of the following individual issues:

	Original Issue	Range of Interest Rates	Amount Outstanding 9/30/11
Governmental Activities			
Bonds and Notes:			
General obligation public improvement bonds, series 1998, due in various installments through 2013	$ 1,500,000	4.20% - 6.00%	$ 320,000
General Obligation Street Bonds, series 1998, due in various annual installments through 08/1/18	1,500,000	4.38% - 6.00%	700,000
Capital Improvements Revolving Loan, due in monthly installments of $2,773 through 3/1/20	500,000	3.00%	245,601
Special obligation bond, series 2010, due in various annual installments through 6/01/30	3,000,000	2.00% - 3.75%	2,885,000
HUD section 108 government guaranteed participation loan, due in various installments through 08/01/14	1,545,000	4.85%	405,000
Unsecured community disaster loan, due in one installment of principal plus interest on 3/2/16	1,418,940	2.81%	1,418,940
Total Bonds and Notes			5,974,541
Capital Leases:			
Capital lease note, payable in monthly installments of $1,899 through 3/10/14, secured by an excavator	104,853	3.34%	52,862
Capital lease note, payable in monthly installments of $312 through 12/15/13, secured by a 2010 Ford F-150	13,980	3.34%	8,093
Capital lease note, payable in monthly installments of $994 through 8/25/14, secured by a New Holland Tractor	44,608	3.34%	33,108
Capital lease note, payable in annual installments of $36,527 through 10/20/18, secured by a fire truck	293,927	4.16%	217,951
Total Capital Leases			312,014
Compensated absences			635,445
Total governmental long-term debt			$ 6,922,000

(Continued)

Business Type Activities

Bonds and Notes:			
State Revolving Fund Loan, payable in monthly installments of $4,524 through 4/1/17, secured by sales tax revenue	$ 707,609	1.75%	$ 267,560
State Revolving Fund Loan, payable in monthly installments of $7,429 through 11/1/17, secured by sales tax revenue	1,168,186	1.75%	479,294
State Revolving Fund Loan, payable in monthly installments of $7,235 through 9/1/30 secured by sales tax revenue	1,438,524	1.75%	1,402,410
State Revolving Fund Loan, payable in monthly installments of $6,477 through 5/1/31, secured by sales tax revenue	1,292,581	1.75%	1,292,581
State Revolving Fund Loan, payable in monthly installments of $5,262 through 7/1/31, secured by sales tax revenue	1,053,773	1.75%	1,053,773
Drinking Water Systems Improvements Revolving Loan, payable in monthly installments of $6,558 through 2/1/30, secured by sales tax revenues	1,280,216	1.95%	1,225,909
State of Mississippi Capital Improvement Program Loan, payable in monthly installments of $4,890 through 12/1/12	500,000	4.25%	62,577
Unsecured community disaster loan, due in one installment of principal plus interest on 3/2/16	1,110,175	2.81%	1,110,174
Total Bonds and Notes			6,894,278
Capital Leases:			
Capital lease note, payable in monthly installments of $249 through 3/10/14, secured by a Ford Ranger truck	10,897		1,230
Capital lease note, payable in monthly installments of $969 through 3/10/14, secured by a well point machine	43,462		25,159
Total Capital Leases			26,389
Compensated absences			106,771
Total business-type activities long-term debt			$ 7,027,438

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2011 follow and include interest on the variable rate debt.

	Governmental Activities			
Year Ended	Bonds and Notes		Capital Leases	
September 30,	Principal	Interest	Principal	Interest
2012	$ 511,152	$ 189,259	$ 63,331	$ 11,663
2013	532,347	168,621	65,690	9,304
2014	372,767	146,418	50,897	6,999
2015	248,611	130,903	31,032	5,495
2016	1,673,421	297,731	32,323	4,204
2017-2021	1,006,243	464,337	68,741	4,310
2022-2026	825,000	297,693	-	-
2027-2031	805,000	95,044	-	-
Totals	$ 5,974,541	$ 1,790,006	$ 312,014	$ 41,975

Year Ended September 30,	Business-type Activities			
	Bonds and Notes		Capital Leases	
	Principal	Interest	Principal	Interest
2012	$ 384,184	$ 119,403	$ 12,180	$ 688
2013	353,586	109,986	11,320	302
2014	349,391	100,430	2,889	16
2015	359,068	90,664	-	-
2016	1,479,382	260,629	-	-
2017-2021	1,369,401	294,572	-	-
2022-2026	1,357,550	174,391	-	-
2027-2031	1,241,716	48,927	-	-
Totals	$ 6,894,278	$ 1,199,002	$ 26,389	$ 1,006

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 **2010** (inside the City):	
Real property	$ 51,059,975
Personal property	9,645,489
Public utility	10,905,795
Autos, estimated	12,207,203
Total assessed valuations	$ 83,818,462
Fifteen percent (15%) of total assessed valuation	$ 12,572,769
Less outstanding general issues at 9/30/11	3,905,000
Legal debt margin	$ 8,667,769

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, 2011, was 8.00 mills or $9.20 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.

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

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

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

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

Note 11 – Defined Benefit Pension Plan

The City of Moss Point contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

PERS members are required to contribute 9.00% of their annual covered salary and the City of Moss Point is required to contribute at an actuarially determined rate. The current rate is 12.0% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Moss Point's contributions to PERS for the years ending September 30, 2011, 2010 and 2009 were $654,042, $688,156 and $496,081, respectively, which equaled the required contributions for each year.

Note 12 – Library Commission

The library commission is administered by a separate operating board. During the year under review, the tax levy, as collected by the City, provided $124,812 in revenues for library purposes.

Note 13– Related Party Commitments

The City is a member of the Jackson County Utility Authority (Authority) which was established by an Act of the Mississippi Legislature in to design and implement a water pollution abatement plan. The Authority is responsible for the operations and maintenance of wastewater treatment plants for the Cities of Pascagoula, Moss Point, Ocean Springs and Gautier, Mississippi. These local governmental entities are considered to be joint venturers in the operations of the Authority. The governing board of the Authority is comprised of members appointed by the governing bodies of the joint venturers.

In January 1981, the City and the Authority executed a Wastewater Service Contract calling for the operation of the treatment plants for ninety-nine (99) years. In accordance with the contract, the City is obligated to share in the operating, administrative and capital costs of the Authority. The City's pro-rata share of costs is based upon the actual flow of wastewater into the treatment plants. The City, in addition to the other governmental entities mentioned above, is jointly and severally liable for all of the liabilities of the Authority. The following is a synopsis of the Authority's financial statements as of and for the year ended September 30, 2011, a complete copy of which is on file at the administrative offices of the Authority.

Jackson County Utility Authority Synopsis
Balance Sheet

Assets	
Current assets	$ 5,420,661
Restricted assets	4,311,788
Noncurrent assets	137,353,989
Total assets	$ 147,086,438
Liabilities and Fund Equity	
Liabilities	
Current liabilities	$ 7,437,149
Non-current liabilities	7,750,836
Total liabilities	15,187,985
Net assets	131,898,453
Total liabilities and net assets	$ 147,086,438

During the year ended September 30, 2011, the City's pro-rata share of costs charged by the Authority was $2,324,721

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues	$	8,254,091
Operating expenses		(5,670,276)
Depreciation and amortization		(4,069,906)
Non-operating revenues (expenses)		15,889,020
Changes in net assets	$	14,402,929

Note 14 – Contingencies

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

Note 15 - Subsequent Events

Management has evaluated subsequent events through March 29, 2013, the date on which the financial statements were available to be issued.

Combining Financial Statements

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

	Special Revenue					
Assets	Library Fund	Fire Protection Fund	Municipalities Crime Protection Grant Fund	Tidelands Grant Fund	Economic Development Resources Fund	Law Enforcment Grant Fund
Cash	$ 17,832	$ 3,119	$ 229	$ 55,528	$ 281,675	$ 13,729
Accounts receivable, net	22,905	439	-	-	44,777	-
Due from other funds	142	45,791	3,967	900	251,255	-
Total assets	$ 40,879	$ 49,349	$ 4,196	$ 56,428	$ 577,707	$ 13,729
Liabilities & Fund Balance						
Liabilities						
Accounts payable	$ 468	$ -	$ -	$ -	$ 4,500	$ -
Due to other funds	3,500	-	-	16,622	67,993	-
Total liabilities	3,968	-	-	16,622	72,493	-
Fund balance						
Unassigned	36,911	49,349	4,196	39,806	505,214	13,729
Total liabilities & fund balance	$ 40,879	$ 49,349	$ 4,196	$ 56,428	$ 577,707	$ 13,729

See Independent Auditors' Report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

Special Revenue							
Seized Assets Fund	Federal Seized Assets Fund	Emergency Shelter Grant Fund	Pelican Landing Operating Fund	Community Development Block Grant Fund	Special Grants Fund	Moss Point Library Project Fund	Home Program Grant Fund
$ 2,671	$ 96,858	$ 110	$ 85,231	$ 1,580	$ -	$ 72,984	$ 100
-	-	-	-	-	-	-	-
-	64,141	-	41,479	66,517	-	-	-
$ 2,671	$ 160,999	$ 110	$ 126,710	$ 68,097	$ -	$ 72,984	$ 100
$ -	$ 8,997	$ -	43,544	$ -	$ -	$ -	$ 1,000
3,740	-	-	65,953	278,513	-	75,103	2,000
3,740	8,997	-	109,497	278,513	-	75,103	3,000
(1,069)	152,002	110	17,213	(210,416)	-	(2,119)	(2,900)
$ 2,671	$ 160,999	$ 110	$ 126,710	$ 68,097	$ -	$ 72,984	$ 100

See Independent Auditors' Report

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

	Capital Projects				
Assets	Contingency and Development Fund	Redevelop-ment Authority Fund	Natural Disaster Relief Fund	Natural Disaster Fund	Federal Disaster Assistance Fund
Cash	$ -	$ 38,331	$ 11,379	$ 901,375	$ 129,711
Accounts receivable, net	-	-	-	-	354,129
Due from other funds	-	-	-	219,660	33,255
Total assets	$ -	$ 38,331	$ 11,379	$ 1,121,035	$ 517,095
Liabilities & Fund Balance					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	600	-	14,100	2,130,811
Total liabilities	-	600	-	14,100	2,130,811
Fund balance					
Committed for capital improvements	-	37,731	11,379	1,106,935	(1,613,716)
Total liabilities & fund balance	$ -	$ 38,331	$ 11,379	$ 1,121,035	$ 517,095

See Independent Auditors' Report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

Capital Projects						
1996 Public Improvement Bond Fund	1996 Public Imp. Street Bond Fund	Post Office Project Fund	1998 Public Improvement Bond Fund	1998 Public Imp. Street Bond Fund	Pelican Landing Project Fund	Capital Improvement Fund
$ 41,837	$ -	$ 537,532	$ 190,631	$ 140,676	$ 37,419	$ 186
-	-	-	-	-	-	-
-	-	-	98,346	8,143	41,907	-
$ 41,837	$ -	$ 537,532	$ 288,977	$ 148,819	$ 79,326	$ 186
$ -	$ -	$ -	$ 23,555	$ -	$ 200	$ -
475	-	9,537	109,891	(96,716)	-	271,917
475	-	9,537	133,446	(96,716)	200	271,917
41,362	-	527,995	155,531	245,535	79,126	(271,731)
$ 41,837	$ -	$ 537,532	$ 288,977	$ 148,819	$ 79,326	$ 186

See Independent Auditors' Report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011
(Continued)

	Capital Projects					
Assets	Hurricane Relief Grant Fund	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	EECBG	E.U.D Sewer System Rehab, PH II
Cash	$ 2,034	$ 100	$ 100	$ 100	$ -	$ 6,640
Accounts receivable, net	-	-	-	-	-	-
Due from other funds	10	-	542	51,697	-	-
Total assets	$ 2,044	$ 100	$ 642	$ 51,797	$ -	$ 6,640
Liabilities & Fund Balance						
Liabilities						
Accounts payable	$ 3,110	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	252,837	-	41,913	-	11,797
Total liabilities	3,110	252,837	-	41,913	-	11,797
Fund balance						
Committed for capital improvements	(1,066)	(252,737)	642	9,884	-	(5,157)
Total liabilities & fund balance	$ 2,044	$ 100	$ 642	$ 51,797	$ -	$ 6,640

See Independent Auditors' Report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2011

	Debt Service				
Assets	Bond Redemption Fund	School Bond Redemption Fund	1993 Bond & Interest Redemption Fund	2010 Public Improvement Bond Fund	Total Non-Major Governmental Funds
Cash	$ 544,553	$ 113,481	$ 91	$ 1,274,429	$ 4,602,251
Accounts receivable, net	12,193	-	-	-	434,443
Due from other funds	126,947	-	-	440,955	1,495,654
Total assets	$ 683,693	$ 113,481	$ 91	$ 1,715,384	$ 6,532,348
Liabilities & Fund Balance					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 147,628	$ 233,002
Due to other funds	103,335	16,282	83	-	3,380,286
Total liabilities	103,335	16,282	83	147,628	3,613,288
Fund balance					
Committed for capital improvements	-	-	-	-	71,713
Debt service	580,358	97,199	8	1,567,756	2,245,321
Unassigned	-	-	-	-	602,026
Total fund balances	580,358	97,199	8	1,567,756	2,919,060
Total liabilities & fund balance	$ 683,693	$ 113,481	$ 91	$ 1,715,384	$ 6,532,348

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, 2011

	Special Revenue					
	Library Fund	Fire Protection Fund	Municipalities Crime Protection Grant Fund	Tidelands Grant Fund	Economic Development Resources Fund	Law Enforcment Grant Fund
Revenues						
Property taxes	$ 124,812	$ 20,808	$ -	$ -	$ -	$ -
Sales and miscellaneous taxes	-	-	-	-	362,031	-
Intergovernmental	-	-	-	18,174	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	25	21	-	3	115	14
Other	-	-	-	-	-	-
Total revenues	124,837	20,829	-	18,177	362,146	14
Expenditures						
Current						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Cultural and recreation	126,000	-	-	-	-	-
Urban and economic development	-	-	-	-	238,711	-
Capital outlay	-	-	-	14,913	-	-
Total expenditures	126,000	-	-	14,913	238,711	-
Excess of revenues over expenditures	(1,163)	20,829	-	3,264	123,435	14
Other financing sources (uses)						
Transfers out	-	(21,000)	-	-	(109,311)	-
Net change in fund balances	(1,163)	(171)	-	3,264	14,124	14
Fund balance, beginning of year	38,074	49,520	4,196	36,542	491,090	13,715
Fund balance, end of year	$ 36,911	$ 49,349	$ 4,196	$ 39,806	$ 505,214	$ 13,729

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, 2011

Special Revenue							
Seized Assets Fund	Federal Seized Assets Fund	Emergency Shelter Grant Fund	Pelican Landing Operating Fund	Community Development Block Grant Fund	Special Grants Fund	Moss Point Library Project Fund	Home Program Grant Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	239,960	-	-	-
-	-	-	-	68,943	-	-	-
3	223	-	54	64	-	73	-
-	109,886	-	34,390	-	-	23	-
3	110,109	-	34,444	308,967	-	96	-
-	34,744	-	-	-	-	-	-
-	-	-	-	332,959	-	-	-
-	-	-	9,955	-	-	-	-
-	-	-	-	-	-	-	2,987
-	40,164	-	-	-	-	-	-
-	74,908	-	9,955	332,959	-	-	2,987
3	35,201	-	24,489	(23,992)	-	96	(2,987)
-	-	-	-	-	-	-	-
3	35,201	-	24,489	(23,992)	-	96	(2,987)
(1,072)	116,801	110	(7,276)	(186,424)	-	(2,215)	87
$ (1,069)	$ 152,002	$ 110	$ 17,213	$ (210,416)	$ -	$ (2,119)	$ (2,900)

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, 2011

	Capital Projects				
	Contingency and Development Fund	Redevelop-ment Authority Fund	Natural Disaster Relief Fund	Natural Disaster Fund	Federal Disaster Assistance Fund
Revenues					
Intergovernmental	$ -	$ -	$ -	$ -	$ 1,183,626
Charges for services	-	-	-	-	-
Investment earnings	-	-	41	1,063	-
Other	-	-	-	-	-
Total revenues	-	-	41	1,063	1,183,626
Expenditures					
Current					
Cultural and recreation	-	-	25,860	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	70,521	776,859
Total expenditures	-	-	25,860	70,521	776,859
Excess of revenues over expenditures	-	-	(25,819)	(69,458)	406,767
Other financing sources (uses)					
Transfers out	-	-	-	-	(365,400)
Total other financing sources (uses)	-	-	-	-	(365,400)
Net change in fund balances	-	-	(25,819)	(69,458)	41,367
Fund balance, beginning of year	-	37,731	37,198	1,176,393	(1,655,083)
Fund balance, end of year	$ -	$ 37,731	$ 11,379	$ 1,106,935	$ (1,613,716)

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, 2011

Capital Projects						
1996 Public Improvement Bond Fund	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
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	48,833	-	-
42	-	191	141	25	-	2
-	377,588	-	-	-	-	-
42	377,588	191	141	48,858	-	2
-	-	-	-	68,943	-	-
-	190,056	-	-	-	-	-
-	137,247	-	-	-	-	-
-	-	23,556	-	-	-	-
-	327,303	23,556	-	68,943	-	-
42	50,285	(23,365)	141	(20,085)	-	2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
42	50,285	(23,365)	141	(20,085)	-	2
41,320	477,710	178,896	245,394	99,211	(271,731)	(1,068)
$ 41,362	$ 527,995	$ 155,531	$ 245,535	$ 79,126	$ (271,731)	$ (1,066)

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, 2011

	Capital Projects				
	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	EECBG	E.U.D Sewer System Rehab, PH II
Revenues					
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	6
Other	297,096	-	2,570	1,250	-
Total revenues	297,096	-	2,570	1,250	6
Expenditures					
Current					
Cultural and recreation	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	299,820	-	2,570	1,250	-
Total expenditures	299,820	-	2,570	1,250	-
Excess of revenues over expenditures	(2,724)	-	-	-	6
Other financing sources (uses)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(2,724)	-	-	-	6
Fund balance, beginning of year	(250,013)	642	9,884	-	(5,163)
Fund balance, end of year	$ (252,737)	$ 642	$ 9,884	$ -	$ (5,157)

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, 2011

	Debt Service				
	Bond Redemption Fund	School Bond Redemption Fund	1993 Bond & Interest Redemption Fund	2010 Public Improvement Bond Fund	Total Non-Major Governmental Funds
Revenues					
Property taxes	$ 661,259	$ 802	$ -	$ -	$ 807,681
Sales and miscellaneous taxes	-	-	-	-	362,031
Intergovernmental	236,963	-	-	-	1,678,723
Charges for services	-	-	-	-	117,776
Investment earnings	545	114	-	-	2,765
Other	-	-	-	-	822,803
Total revenues	898,767	916	-	-	3,791,779
Expenditures					
Current					
General government	-	-	-	73,729	73,729
Public safety	-	-	-	-	34,744
Public works	-	-	-	-	332,959
Cultural and recreation	-	-	-	-	230,758
Urban and economic development	-	-	-	-	241,698
Debt service					
Principal	606,716	-	-	-	796,772
Interest and other charges	141,171	-	-	-	278,418
Capital outlay	-	-	-	1,228,750	2,458,403
Total expenditures	747,887	-	-	1,302,479	4,447,481
Excess of revenues over expenditures	150,880	916	-	(1,302,479)	(655,702)
Other financing sources (uses)					
Transfers out	-	-	-	-	(495,711)
Net change in fund balances	150,880	916	-	(1,302,479)	(1,151,413)
Fund balance, beginning of year	429,478	96,283	8	2,870,235	4,070,473
Fund balance, end of year	$ 580,358	$ 97,199	$ 8	$ 1,567,756	$ 2,919,060

See Independent Auditors' Report.

Supplemental Information

City of Moss Point, Mississippi
Schedule of Long-Term Debt
September 30, 2011

	Date Issued	Original Issue	Balance October 1, 2010	New Issues	Retirements	Balance September 30, 2011	Requirements Year Ended September 30, 2012 Principal	Interest
General Obligation Bonds and Notes								
General Obiligation Street Bonds, Series 1998	08/01/98	$ 1,500,000	$ 465,000	$ -	$ 145,000	$ 320,000	$ 155,000	$ 14,400
General Obiligation Public Improvement, Series 1998	08/01/98	1,500,000	780,000	-	80,000	700,000	85,000	33,001
General Obligation Refunding Bonds Series 2005	04/01/05	1,995,000	250,000	-	250,000	-	-	-
Special Obligation Bond, Series 2010	06/01/10	300,000	3,000,000	-	115,000	2,885,000	110,000	113,525
Special community disaster loan	07/11/06	1,418,940	1,418,940	-	-	1,418,940	-	-
Total general obligation bonds and notes			5,913,940	-	590,000	5,323,940	350,000	160,926
Limited Obligation Bonds and Notes								
HUD Section 108	08/08/02	1,545,000	540,000	-	135,000	405,000	135,000	21,209
Capital improvements revolving loan	03/01/00	500,000	273,107	-	27,506	245,601	26,152	7,124
Total limited obligation bonds and notes			813,107	-	162,506	650,601	161,152	28,333
Other General Long-Term Debt								
Lease/Purchase, BancorpSouth	Various	480,269	130,976	244,315	63,277	312,014	63,331	11,663
Total general long-term debt			6,858,023	244,315	815,783	6,286,555	574,483	200,922
Proprietary Funds Debt								
Water and sewer pollution control loans	1997-2011	7,587,849	4,527,298	1,513,404	256,598	5,784,104	384,184	119,403
Special community disaster loan	07/12/06	1,110,174	1,110,174	-	-	1,110,174	-	-
Lease/Purchase, BancorpSouth	Various	287,535	44,156		17,767	26,389	12,180	688
Total proprietary funds debt			5,681,628	1,513,404	274,365	6,920,667	396,364	120,091
Totals			$ 12,539,651	$ 1,757,719	$ 1,090,148	$ 13,207,222	$ 970,847	$ 321,013

See Independent Auditors' Report.

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

Name	Position	Bond
Aneice Liddell	Mayor	$ 50,000
Adlean Liddell	City Clerk	50,000
Houston Cunningham	Alderman	50,000
Sherwood Bradford	Alderman	50,000
Ruby Hill	Alderman	50,000
Robert Byrd	Alderman	50,000
Shirley Chambers	Alderman	50,000
Thomas Hightower	Alderman	50,000
George Martin, Jr.	Alderman	50,000

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, 2011

Grantor Federal Agency / Pass-Through Agency / Program Title	CFDA Number	Pass-Through Grantor No.	Federal Expenditures
Department of Housing & Urban Development			
Pass through MS Development Authority			
Community Development Block Grant	14.218	W-24& W-24a	$ 2,570
Community Development Block Grant	14.218	R-103-268-03-KCR	127,610
Community Development Block Grant	14.218	R-103-268-01-KCR	2,408,701
Community Development Block Grant	14.218	R-103-268-01-KP, R109-268-02-KCR	1,739,225
Community Development Block Grant	14.228	R-101-06-010	56,509
Community Development Block Grant-ARRA	14.253	B-09-MY-28-0004/B-10-MC-28-0004	292,368
Energy Efficiency and Conservation Block Grant	81.128	W-24& W-24a	1,250
Total			4,628,233
Department of Transportation			
Pass through MS Department of Transportation			
Urban Youth	20.205	STP-9999-09(023)/106400-303000	24,029
Highway Planning and Construction-ARRA	20.205	STP-9393-00(001)/LPA/105771-701000	142,434
Highway Planning and Construction	20.205	STP-9393-00(001)LPA/1057711701	141,532
Total			307,995
Department of Homeland Security			
Pass through MEMA			
Disaster Grants-Public Assistance (Presidentially declared)	97.036	FEMA 1604	1,603,728
Hazard Mitigation Grant	97.039		594,465
Total			2,198,193
Total expenditures of federal awards			$ 7,134,421
Loans and Loan Guarantees			
Department of Homeland Security			
Federal Emergency Management Assistance			
Special Community Disaster Loan Program	97.030	EMA-2006-LF-1604MS26	$ 1,418,940
Special Community Disaster Loan Program	97.030	EMA-2006-LF-1604MS27	1,110,175
U.S. Environmental Protection Agency			
Mississippi Department of Environmental Quality			
Clean Water State Revolving Funds	66.458	SRF-C280854-01-2	267,560
Clean Water State Revolving Funds	66.458	SRF-C280854-02-2	479,294
Clean Water State Revolving Funds	66.458	SRF-C280854-03-0	1,402,410
Clean Water State Revolving Funds	66.458	SRF-C280854-04-0	1,292,581
Clean Water State Revolving Funds	66.458	SRF-C280854-05-ARSR	1,053,773
Mississippi Department of Health			
Drinking Water State Revolving Funds	66.468	DWI-H280120-01-2	1,225,909

See accompanying notes to schedule of expenditures of federal awards.

City of Moss Point, Mississippi
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2011

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Moss Point, Mississippi under programs of the federal government for the year ended September 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Moss Point, Mississippi, it is not intended to and does not present the financial position, results of operations and cash flows of the City of Moss Point, Mississippi.

Note B - Summary of Significant Accounting Policies

1. General

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

2. Contingency

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

3. Loan and Loan Guarantees

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

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

PILTZ,
WILLIAMS,
LAROSA
COMPANY

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

Stephen P. Theobald, CPA, CVA
Margaret D. Closson, CPA
Michael D. O'Neill, CPA
John D. Prentiss, CPA
Eric B. Bland, CPA
David C. Neumann, CPA, CBA

Gerald Piltz, CPA (Retired)
Stanford A. Williams, Jr., CPA (Retired)
Sam J. LaRosa, Jr., CPA (Retired)
William S. Thompson, CPA (Retired)
Gene M. Clark, Jr., CPA (Retired)
Darrell L. Galey, CPA

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

We have audited 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, 2011, which collectively comprise the City of Moss Point, Mississippi's basic financial statements and have issued our report thereon dated April 30, 2013. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Moss Point, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

CPAMERICA INTERNATIONAL Crowe Horwath International
1077 Tommy Munro Drive • Biloxi, Mississippi 39532 • P.O. Box 231 • Biloxi, Mississippi 39533-0231
Phone 228-374-4141 www.pwlcpa.com Fax 228-374-5521
CPA America Counts on CPAs

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*.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Certified Public Accountants

Biloxi, Mississippi
April 30, 2013

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

PILTZ,
WILLIAMS,
LAROSA
COMPANY

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

Stephen P. Theobald, CPA, CVA
Margaret D. Closson, CPA
Michael D. O'Neill, CPA
John D. Prentiss, CPA
Eric B. Bland, CPA
David C. Neumann, CPA, CBA

Gerald Piltz, CPA (Retired)
Stanford A. Williams, Jr., CPA (Retired)
Sam J. LaRosa, Jr., CPA (Retired)
William S. Thompson, CPA (Retired)
Gene M. Clark, Jr., CPA (Retired)
Darrell L. Galey, CPA

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

Compliance

We have audited of the City of Moss Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Moss Point, Mississippi's management. Our responsibility is to express an opinion on the City of Moss Point, Mississippi's compliance based on our audit

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the City of Moss Point, Mississippi's compliance with those requirements.

In our opinion, the City of Moss Point, Mississippi complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

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 requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Moss Point, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the

purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Certified Public Accountants

Biloxi, Mississippi
April 30, 2013

The City of Moss Point, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2011

Section 1 – Summary of Auditors' Results

1. An unqualified opinion was issued on the financial statements.

2. The audit did not disclose any 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 did not disclose any material weaknesses in internal control over major programs.

5. A unqualified opinion was issued on compliance for major programs.

6. Audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 are reported in Section III below.

7. The programs tested as major were:

Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Dept. of Transportation – Highway Planning and Construction	20.205
ARRA–Dept. of Transportation – Hwy Planning and Construction (105771-701)	20.205
ARRA–Community Development Block Grant	14.253
Community Development Block Grant	14.218
Community Development Block Grant	14.228
Department of Homeland Security – Hazard Mitigation Grants	97.039

8. The dollar threshold used to distinguish between Type A and Type B Programs was $300,000.

9. The auditee does not qualify as a low-risk auditee.

Section 2 – Findings Relating to the Financial Statements

None

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

Finding 11-1
Condition: The City is not able to prepare an accurate Schedule of Expenditures of Federal awards.

Criteria: Procedures should be in place to enable accurate and timely preparation of the Schedule of Expenditures of Federal Awards.

Cause: There are currently no procedures in place to accumulate information required to prepare the Schedule of Expenditures of Federal Awards.

Effect: Because of the lack of procedures in place to accumulate information required to prepare the Schedule of Expenditures of Federal Awards, it was necessary for the auditor to properly identify all federal grant expenditure information necessary for preparation of SEFA.

Recommendation: We recommend that the City implement procedures to accumulate information required for accurate and timely preparation of the Schedule of Expenditures of Federal Awards.

Response: The City agrees with the finding and the recommended procedures will be implemented.

Finding 11-2
Community Development Block Grant, CFDA 14.218

Condition: The auditor discovered a lack of evidence of supervisory review and approval of invoices prior to payment.

Criteria: Procedures should be in place to ensure that appropriate City personnel review and approve invoices before payment.

Cause: City personnel responsible for reviewing invoices are not indicating approval through signature, stamp or other method.

Effect: Because appropriate City personnel are not indicating review and approval of invoices, there is a possibility an incorrect payment being made. No such incorrect payments were noted.

Recommendation: We recommend that the City implement procedures to ensure that prior to payment, all invoices are initialed approved by appropriate supervisory personnel.

Response: The City agrees with the finding and will evaluate internal controls currently in place.

Finding 11-3
Community Development Block Grant, CFDA 14.218

Condition: The auditor discovered a lack of evidence of supervisory review and approval of quarterly and annual reports prior to submission.

Criteria: Procedures should be in place to ensure that appropriate City personnel review and approve reports before submission.

Cause: Reports are prepared by an outside grant administrator and are not reviewed by City personnel prior to submission.

Effect: There is a possibility that incorrect reports could be filed without the knowledge of City personnel. No such incorrect reports were noted.

Recommendation: We recommend that the City implement procedures to ensure that, prior to submission, all quarterly and annual reports are initialed approved by appropriate supervisory personnel.

Response: The City agrees with the finding and will evaluate internal controls currently in place.

Finding 11-4
Community Development Block Grant, CFDA 14.218

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

Criteria: Procurement standards prevent awarding contracts to any contractor who is listed as suspended or debarred in the GSA Excluded Parties List System.

Cause: City personnel failed to review the EPLS website prior to contract award.

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.

Recommendation: We recommend that the City implement procedures to ensure that, prior to contract award, City personnel review the EPLS website.

Response: The City agrees with the finding and will evaluate internal controls currently in place.

Finding 11-5
Community Development Block Grant, CFDA 14.218

Condition: The auditor discovered evidence of invoice payments not clearing the bank within twenty-one days of receipt of grant funds.

Criteria: Cash management standards required that invoice payments be made within three days of receipt of grant funds.

Cause: Although checks for payment on two invoices selected for testing were written the same day as the receipt of grant funds, these two checks were held by City personnel and not immediately sent to contractor for payment. One of these checks was held until the contractor completed the job to the City's satisfaction. The second check was mistakenly not sent.

Effect: The City violated the cash management standard that invoice payments be made within three days of receipt of grant funds.

Recommendation: We recommend that the City request funds only after invoices have been approved for payment. We further recommend that invoice payments be mailed or delivered to contractors on the check print date.

Response: The City agrees with the finding and will evaluate internal controls currently in place.

Finding 11-6
Community Development Block Grant, CFDA 14.218

Condition: The auditor discovered payment of two invoices to one contractor that included charges for two employees whose job descriptions were not included in the contract documents.

Criteria: Davis Bacon standards require that a wage determination rate must be obtained for all job descriptions listed on a contract invoice before payment of the invoice.

Cause: The contract documents did not include job descriptions for two employees listed on a contractor invoice, and no wage determination rate was obtained from the Department of Labor for either position.

Effect: There is a possibility that an invoice could have been paid to a contractor who is paying employees below the wage rate established by the Secretary of Labor. No such wage was noted.

Recommendation: We recommend that the City personnel compare the job descriptions in the contract documents to those listed on contractor invoices prior to payment of invoices.

Response: The City agrees with the finding and will evaluate internal controls currently in place.

Finding 11-7
Community Development Block Grant, CFDA 14.218

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

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

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

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

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

Response: The City agrees with the finding and will evaluate internal controls currently in place.