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CITY OF MOSS POINT

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

August 19, 2014

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

Ms. Chain:

Enclosed you will find (2) official copies of the City of Moss Point's Audited Financial Statement. This Audit is for the fiscal year ended September 2013.

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

Sincerely,


Adlean Liddell
Moss Point City Clerk

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Audited Financial Statements
City of Moss Point, Mississippi
Fiscal Year Ended September 30, 2013





City of Moss Point, Mississippi

Financial Statements

September 30, 2013

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Section I

Introductory Section

City of Moss Point, Mississippi
City Officials
For the Year Ended September 30, 2013

City Officials

Mayor Billy Broomfield

Board of Aldermen/Alderwomen

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

Department Heads

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

Section II
Financial Section





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)
Darrrell L. Galey, CPA

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-10 and 17-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

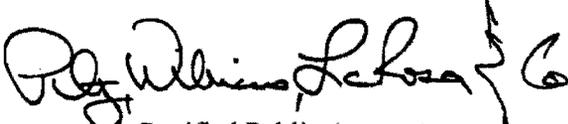
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moss Point, Mississippi's basic financial statements. The introductory section, and combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the City of Moss Point, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Moss Point, Mississippi's internal control over financial reporting and compliance.


Certified Public Accountants

Biloxi, Mississippi
June 25, 2014

Management's Discussion and Analysis

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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, 2013. 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 2013 and 2012, the City's net position amounted to \$45,349,242 and \$44,201,435, respectively. The net assets for governmental activities totaled \$26,449,230 in 2013 and \$24,729,639 in 2012, contributing 58% and 56%, respectively, of total net assets; business-type activities contributed 42% and 44%, totaling \$18,900,012 in 2013 and \$19,471,796 in 2012.
- General revenues for 2013 and 2012 were \$10,523,087 and \$7,796,762, equaling 53% and 38% of all revenues, respectively. Program specific revenues in the form of charges for services and grants and contributions were \$12,103,093 and \$12,928,973 for 2013 and 2012, equaling 47% and 62% of total revenues.
- In 2013 and 2012, the City had \$21,478,463 and \$21,987,580 in expenses, respectively; only \$12,103,093 and \$12,928,973 of these expenses were offset by program specific charges for services, grants and contributions.
- Capital assets, net of accumulated depreciation, totaled \$50,935,323 in 2013 and \$52,967,116 in 2012.

Overview of Financial Statements

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

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

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

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

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

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

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

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

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

Notes to the financial statements – The notes provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found on pages 24 through 44 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.

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

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

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

Government-wide Financial Analysis

Net assets – Net assets may serve over time as a useful indicator of government's financial position. The following table presents a summary of the City's net assets for the fiscal years ended September 30, 2013 and 2012.

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 10,493,918	\$ 8,709,452	\$ (2,084,810)	\$ (1,725,737)	\$ 8,409,108	\$ 6,983,715
Capital assets	23,611,780	23,807,333	27,323,543	29,159,783	50,935,323	52,967,116
Total assets	<u>34,105,698</u>	<u>32,516,785</u>	<u>25,238,733</u>	<u>27,434,046</u>	<u>59,344,431</u>	<u>59,950,831</u>
Long-term debt outstanding	6,344,392	5,435,481	4,897,859	5,948,059	11,242,251	11,383,540
Other liabilities	1,312,076	2,351,665	1,440,862	2,014,191	2,752,938	4,365,856
Total liabilities	<u>7,656,468</u>	<u>7,787,146</u>	<u>6,338,721</u>	<u>7,962,250</u>	<u>13,995,189</u>	<u>15,749,396</u>
Net assets:						
Investment in capital assets, net of related debt	17,439,110	18,045,986	22,158,664	22,635,304	39,597,774	40,681,290
Restricted	-	-	531,231	489,286	531,231	489,286
Unrestricted	9,010,120	6,683,653	(3,789,883)	(3,652,794)	5,220,237	3,030,859
Total net position	<u>\$ 26,449,230</u>	<u>\$ 24,729,639</u>	<u>\$ 18,900,012</u>	<u>\$ 19,471,796</u>	<u>\$ 45,349,242</u>	<u>\$ 44,201,435</u>

The City's restricted net assets (restricted by revenue source) accounted for 1% of total net assets in 2013 and 1% in 2012. Investment in capital assets (e.g. land, construction in progress, buildings, equipment, and infrastructure) accounted for 87% and 92% in 2013 and 2012, respectively. The remaining balance consisted of unrestricted net assets, the part of net assets used to finance everyday operations without constraints of legal requirements.

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

Changes in net position – The City's total revenues for the fiscal years ended September 30, 2013 and 2012 were \$22,626,180 and \$20,725,735, respectively. The total cost of all programs and services was \$21,478,463 and \$21,987,580. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2013 and 2012.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 2,233,229	\$ 2,454,361	\$ 6,985,327	\$ 7,229,647	\$ 9,218,556	\$ 9,684,008
Operating grants	1,470,657	2,674,121	-	-	1,470,657	2,674,121
Capital grants and contributions	1,413,880	570,844	-	-	1,413,880	570,844
General revenues						
Property taxes	3,931,450	4,201,778	-	-	3,931,450	4,201,778
Franchise taxes	872,579	859,471	-	-	872,579	859,471
Other taxes	3,062,855	2,335,407	48,330	44,926	3,111,185	2,380,333
Other general revenues	1,496,843	349,811	1,111,030	5,369	2,607,873	355,180
Total revenues	14,481,493	13,445,793	8,144,687	7,279,942	22,626,180	20,725,735
Expenses						
General government	3,928,418	3,949,053	-	-	3,928,418	3,949,053
Public safety	5,271,380	5,262,535	-	-	5,271,380	5,262,535
Public works	1,947,278	2,470,791	-	-	1,947,278	2,470,791
Culture and recreation	714,121	648,243	-	-	714,121	648,243
Urban & economic development	250,622	238,294	-	-	250,622	238,294
Debt service - interest	157,166	167,319	-	-	157,166	167,319
Solid waste	848,267	1,005,839	-	-	848,267	1,005,839
Water, sewer & gas		-	8,361,211	8,245,506	8,361,211	8,245,506
Total expenses	13,117,252	13,742,074	8,361,211	8,245,506	21,478,463	21,987,580
Increase (decrease) in net assets before transfers	1,364,241	(296,281)	(216,524)	(965,564)	1,147,717	(1,261,845)
Transfers	355,350	833,000	(355,350)	(833,000)	-	-
Net increase (decrease) in net position	1,719,591	536,719	(571,874)	(1,798,564)	1,147,717	(1,261,845)
Net position, beginning of year	24,729,639	24,192,920	19,471,796	21,270,360	44,201,435	45,463,280
Net position, end of year	\$ 26,449,230	\$ 24,729,639	\$ 18,899,922	\$ 19,471,796	\$ 45,349,152	\$ 44,201,435

Governmental activities

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

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

	Governmental Activities			
	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 3,928,418	\$ 2,543,417	\$ 3,949,053	\$ 1,255,167
Public safety	5,271,380	4,000,019	5,262,535	3,928,882
Public works	1,947,278	1,301,154	2,470,791	2,124,568
Culture and recreation	714,121	244,235	648,243	472,506
Urban & economic development	250,622	(2,668)	238,294	134,637
Solid waste	848,267	(243,837)	1,005,839	(40,331)
Debt Service - interest	157,166	157,166	167,319	167,319
Total	\$ 13,117,252	\$ 7,999,486	\$ 13,742,074	\$ 8,042,748

Business-type activities

The City's business-type activities generated a change in net position of \$(571,784). This represents an increase of approximately \$1,227,000 from the previous year's change in net assets. The factors contributing to this decrease include:

- The Utilities had \$1,110,174 in Special Community Disaster Loan debt forgiven.
- The Utilities had a decrease in transfers. This year the utility fund transferred approximately \$475,000 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 \$8,490,540 compared to \$6,452,440 in the previous year. Activities within the general fund contributed to 51% and 73% of the fund balances in 2013 and 2012, 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 \$9,250,914 compared to \$10,466,821 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.

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

Capital Asset and Debt Administration

Capital assets – The City's total capital assets for 2013 and 2012 were \$48,235,323 and \$52,967,113, 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, 2013 and 2012:

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,131,823	\$ 2,131,823	\$ 131,117	\$ 131,117	\$ 2,262,940	\$ 2,262,940
Construction in progress	2,101,403	1,674,567	-	-	2,101,403	1,674,567
Buildings	13,840,841	13,840,841	15,866,008	18,566,008	29,706,849	32,406,849
Improvements - other	2,172,265	2,126,274	-	-	2,172,265	2,126,274
Equipment	9,078,644	8,554,336	2,701,815	2,571,262	11,780,459	11,125,598
Infrastructure	11,632,313	11,632,313	51,906,450	51,906,450	63,538,763	63,538,763
Accumulated depreciation	(17,345,509)	(16,152,823)	(45,981,847)	(44,015,055)	(63,327,356)	(60,167,878)
Total	\$ 23,611,780	\$ 23,807,331	\$ 24,623,543	\$ 29,159,782	\$ 48,235,323	\$ 52,967,113

This year's major construction projects included:

	Expended through September 30, 2013	Remaining Commitment
Governmental activities:		
Moss Point Riverwalk East	\$ 509,414	\$ -
New Police Station	118,817	-
Riverpine Scenic Trail	52,016	-
Riverwalk South Parking Lot Drainage	1,012,846 408,310	273,592
Total governmental activities	2,101,403	273,592
Business-type activities	-	-
Total business-type activities	-	-
Total	\$ 2,101,403	\$ 273,592

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

Debt Administration

At September 30, 2013, the City had \$12,234,333 in general obligation bonds and other long-term debt outstanding, of which \$992,082 is due within one year.

	Outstanding Debt at Year- End					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City)	\$ 5,750,000	\$ 3,555,000	\$ -	\$ -	\$ 5,750,000	\$ 3,555,000
Revenue bonds and notes (backed by specific tax and fee revenues)	194,790	1,907,658	5,054,487	6,510,269	5,249,277	8,417,927
Capital leases	227,880	298,688	110,392	14,210	338,272	312,898
Compensated absences	749,036	632,393	147,748	111,356	896,784	743,749
Total	<u>\$ 6,921,706</u>	<u>\$ 6,393,739</u>	<u>\$ 5,312,627</u>	<u>\$ 6,635,835</u>	<u>\$ 12,234,333</u>	<u>\$ 13,029,574</u>

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

Economic Factors and Next Year's Budgets and Rates

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 2013 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 Position
September 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,483,940	\$ 1,397,101	\$ 4,881,041
Restricted cash and cash equivalents	-	531,231	531,231
Investments	-	-	-
Receivables, net	2,090,542	653,810	2,744,352
Internal balances	4,832,496	(4,832,496)	-
Inventories	-	139,656	139,656
Prepaid expenses	86,940	25,888	112,828
Capital assets			
Land and construction in progress	4,233,227	5,428,432	9,661,659
Other (net of accumulated depreciation)	19,378,553	21,895,111	41,273,664
Total capital assets	<u>23,611,780</u>	<u>27,323,543</u>	<u>50,935,323</u>
Total assets	<u>34,105,698</u>	<u>25,238,733</u>	<u>59,344,431</u>
Liabilities			
Accounts payable and accrued expenses	731,053	494,863	1,225,916
Deferred revenues	3,709	-	3,709
Customer deposits payable from restricted assets	-	531,231	531,231
Noncurrent liabilities			
Due within one year:			
Bonds, capital leases and notes payable	390,055	377,831	767,886
Compensated absences	187,259	36,937	224,196
Due in more than one year:			
Bonds, capital leases and notes payable	5,782,615	4,787,048	10,569,663
Compensated absences	561,777	110,811	672,588
Total liabilities	<u>7,656,468</u>	<u>6,338,721</u>	<u>13,995,189</u>
Net position			
Invested in capital assets, net of related debt	17,439,110	22,158,664	39,597,774
Restricted for:			
Debt service	-	-	-
Other purposes	-	531,231	531,231
Unrestricted	9,010,120	(3,789,883)	5,220,237
Total net position	<u>\$ 26,449,230</u>	<u>\$ 18,900,012</u>	<u>\$ 45,349,242</u>

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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, 2013

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 3,928,418	\$ 124,415	\$ 430,132	\$ 830,454	\$ (2,543,417)	\$ -	\$ (2,543,417)
Culture and recreation	714,121	147,096	-	322,790	(244,235)	-	(244,235)
Public safety	5,271,380	869,614	141,111	260,636	(4,000,019)	-	(4,000,019)
Public works	1,947,278	-	646,124	-	(1,301,154)	-	(1,301,154)
Urban and economic development	250,622	-	253,290	-	2,668	-	2,668
Solid Waste	848,267	1,092,104	-	-	243,837	-	243,837
Interest and other, long-term debt	157,166	-	-	-	(157,166)	-	(157,166)
Total governmental activities	13,117,252	2,233,229	1,470,657	1,413,880	(7,999,486)	-	(7,999,486)
Business-type activities							
Water and sewer	8,361,121	6,985,327	-	-	-	(1,375,794)	(1,375,794)
Total business-type activities	8,361,121	6,985,327	-	-	-	(1,375,794)	(1,375,794)
Total primary government	\$ 21,478,373	\$ 9,218,556	\$ 1,470,657	\$ 1,413,880	(7,999,486)	(1,375,794)	(9,375,280)
General revenues							
Property taxes, levied for general purposes					3,931,450	-	3,931,450
Property taxes, levied for other purposes					558,123	-	558,123
Sales taxes					1,668,058	-	1,668,058
Franchise and utility taxes					872,579	-	872,579
Other taxes					836,674	48,330	885,004
Unrestricted investment earnings					18,731	-	18,731
Miscellaneous					1,478,112	1,111,030	2,589,142
Transfers					355,350	(355,350)	-
Total general revenues and transfers					9,719,077	804,010	10,523,087
Change in net position					1,719,591	(571,784)	1,147,807
Net position - beginning of period					24,729,639	19,471,796	44,201,435
Net position - end of period					\$ 26,449,230	\$ 18,900,012	\$ 45,349,242

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

City of Moss Point, Mississippi
Balance Sheet
Governmental Funds
September 30, 2013

	General Fund	2013 G.O. Bond Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ (2,459,220)	\$ 2,467,491	\$ 3,472,021	\$ 3,480,292
Investments	-	-	-	-
Accounts receivable, net	641,483	-	140,734	782,217
Due from other City funds	9,473,703	-	1,473,184	10,946,887
Prepays	86,686	-	654	87,340
Total assets	\$ 7,742,652	\$ 2,467,491	\$ 5,086,593	\$ 15,296,736
Liabilities and Fund Balance				
Liabilities				
Accounts payable and accrued liabilities	\$ 575,988	\$ 1,500	\$ 111,464	\$ 688,952
Due to other City funds	2,874,377	-	3,242,867	6,117,244
Total liabilities	3,450,365	1,500	3,354,331	6,806,196
Fund balances				
Nonspendable				
Prepays	86,686	-	654	87,340
Restricted for debt service	-	-	870,499	870,499
Committed for capital improvements	-	2,465,991	28,296	2,494,287
Unassigned	4,205,601	-	832,813	5,038,414
Total fund balances	4,292,287	2,465,991	1,732,262	8,490,540
Total liabilities and fund balances	\$ 7,742,652	\$ 2,467,491	\$ 5,086,593	\$ 15,296,736

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

City of Moss Point, Mississippi
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2013

Total fund balances of governmental funds in the balance sheet, page 13		\$ 8,490,540
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		23,611,780
Some receivables are not considered available to pay liabilities of the current period.		1,268,616
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	(6,172,670)	
Compensated absences	(749,036)	(6,921,706)
Net assets of governmental activities, page 11		\$ 26,449,230

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, 2013

	General Fund	2013 G.O. Bond Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 3,931,450	\$ -	\$ 558,124	\$ 4,489,574
Franchise taxes	872,579	-	-	872,579
Sales and miscellaneous taxes	1,700,338	-	354,201	2,054,539
Licenses and permits	107,599	-	-	107,599
Fees and fines	600,438	-	-	600,438
Intergovernmental	667,514	-	1,722,715	2,390,229
Charges for services	56,916	-	115,859	172,775
Investment earnings	18,704	-	26	18,730
Contribution in aid	44,851	-	-	44,851
Other	158,242	50	869,697	1,027,989
Total revenues	<u>8,158,631</u>	<u>50</u>	<u>3,620,622</u>	<u>11,779,303</u>
Expenditures				
Current				
General government	2,382,444	-	-	2,382,444
Public safety	5,197,785	-	270,406	5,468,191
Public works	1,096,035	-	340,237	1,436,272
Cultural and recreation	527,033	-	193,892	720,925
Urban and economic development	95,511	-	415,344	510,855
Solid waste	848,267	-	-	848,267
Debt service				
Principal	-	-	613,568	613,568
Interest and other charges	-	-	264,352	264,352
Capital outlay	122,955	105,233	1,286,768	1,514,956
Total expenditures	<u>10,270,030</u>	<u>105,233</u>	<u>3,384,567</u>	<u>13,759,830</u>
Excess (deficiency) of revenues over expenditures	<u>(2,111,399)</u>	<u>(105,183)</u>	<u>236,055</u>	<u>(1,980,527)</u>
Other financing sources (uses)				
Issuance of note	-	2,571,174	-	2,571,174
Transfers in	1,702,659	-	277,236	1,979,895
Transfers out	-	-	(532,441)	(532,441)
Total other financing sources (uses)	<u>1,702,659</u>	<u>2,571,174</u>	<u>(255,205)</u>	<u>4,018,628</u>
Net change in fund balance	(408,740)	2,465,991	(19,150)	2,038,101
Fund balances, beginning of year	4,701,027	-	1,751,412	6,452,439
Fund balances, end of year	<u>\$ 4,292,287</u>	<u>\$ 2,465,991</u>	<u>\$ 1,732,262</u>	<u>\$ 8,490,540</u>

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

City of Moss Point, Mississippi
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2013

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

Net change in fund balances of governmental funds, page 15		\$ 2,038,101
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	1,032,095	
Less current year depreciation	<u>(1,011,317)</u>	20,778
<p>The issuance of long-term debt (bonds payable) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of borrowed principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which repayments exceed proceeds.</p>		
Bond and loan proceeds	(2,565,000)	
Lease payments	70,808	
Principal payments	<u>2,153,676</u>	(340,516)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences		7,621
<p>Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.</p>		
		<u>(6,393)</u>
Change in net assets of governmental activities, page 12		<u>\$ 1,719,591</u>

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

City of Moss Point, Mississippi
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 6,353,300	\$ 6,353,300	\$ 6,017,279	\$ (336,021)
Licenses and permits	102,000	102,000	107,824	5,824
Intergovernmental	480,400	480,400	498,370	17,970
Charges for services	67,200	67,200	56,916	(10,284)
Fines and forfeitures	878,600	878,600	605,180	(273,420)
Other	165,300	165,300	146,700	(18,600)
Total revenues	<u>8,046,800</u>	<u>8,046,800</u>	<u>7,432,269</u>	<u>(614,531)</u>
Expenditures				
General Government				
Personnel services	611,759	611,759	592,108	19,651
Supplies and other charges	1,067,955	1,067,955	573,676	494,279
Capital outlay	10,500	10,500	10,116	384
Total	<u>1,690,214</u>	<u>1,690,214</u>	<u>1,175,900</u>	<u>514,314</u>
Police				
Personnel services	2,412,324	2,412,324	2,194,242	218,082
Supplies and other charges	401,140	401,140	287,626	113,514
Capital outlay	8,400	8,400	6,708	1,692
Total	<u>2,821,864</u>	<u>2,821,864</u>	<u>2,488,576</u>	<u>333,288</u>
Fire				
Personnel services	2,156,874	2,156,874	2,178,079	(21,205)
Supplies and other charges	239,500	239,500	147,067	92,433
Capital outlay	40,800	40,800	40,564	236
Total	<u>2,437,174</u>	<u>2,437,174</u>	<u>2,365,710</u>	<u>71,464</u>
Economic Development & Public Relations				
Personnel services	89,037	89,037	88,613	424
Supplies and other charges	5,900	5,900	2,733	3,167
Total	<u>94,937</u>	<u>94,937</u>	<u>91,346</u>	<u>3,591</u>
Sanitation				
Supplies and other charges	789,000	789,000	848,267	(59,267)
Culture & Recreation				
Personnel services	202,999	202,999	237,512	(34,513)
Supplies and other charges	149,100	149,100	115,767	33,333
Capital outlay	92,000	92,000	79,880	12,120
Total	<u>444,099</u>	<u>444,099</u>	<u>433,159</u>	<u>10,940</u>

Continued on next page

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

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

For the Fiscal Year Ended September 30, 2013
(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Judicial Department				
Personnel services	155,988	155,988	164,496	(8,508)
Supplies and other charges	5,450	5,450	1,921	3,529
Total	<u>161,438</u>	<u>161,438</u>	<u>166,417</u>	<u>(4,979)</u>
Inspection Department				
Personnel services	156,294	156,294	154,728	1,566
Supplies and other charges	49,350	49,350	35,575	13,775
Total	<u>205,644</u>	<u>205,644</u>	<u>190,303</u>	<u>15,341</u>
Public Works				
Personnel services	688,038	688,038	562,295	125,743
Supplies and other charges	512,500	512,500	431,147	81,353
Capital outlay	34,800	34,800	34,812	(12)
Total	<u>1,235,338</u>	<u>1,235,338</u>	<u>1,028,254</u>	<u>207,084</u>
Data Processing				
Supplies and other charges	32,500	32,500	14,137	18,363
Capital outlay	120,000	120,000	95,608	24,392
Total	<u>152,500</u>	<u>152,500</u>	<u>109,745</u>	<u>42,755</u>
Safety & Human Resources				
Personnel services	149,636	149,636	149,381	255
Supplies and other charges	25,800	25,800	13,669	12,131
Total	<u>175,436</u>	<u>175,436</u>	<u>163,050</u>	<u>12,386</u>
Community Development				
Personnel services	111,527	111,527	116,336	(4,809)
Supplies and other charges	9,150	9,150	4,036	5,114
Total	<u>120,677</u>	<u>120,677</u>	<u>120,372</u>	<u>305</u>
Pelican Landing				
Personnel services	16,000	16,000	11,740	4,260
Supplies and other charges	122,500	122,500	58,075	64,425
Total	<u>138,500</u>	<u>138,500</u>	<u>69,815</u>	<u>68,685</u>
Total expenditures	<u>10,466,821</u>	<u>10,466,821</u>	<u>9,250,914</u>	<u>1,215,907</u>
Excess (deficiency) of revenues over expenditures	<u>(2,420,021)</u>	<u>(2,420,021)</u>	<u>(1,818,645)</u>	<u>(1,830,438)</u>
Other financing sources (uses)				
Transfers in	2,468,630	2,468,630	1,610,128	(858,502)
Net change in fund balances	48,609	48,609	(208,517)	(2,688,940)
Fund balances, beginning of year	(775,375)	9,035,077	17,626,716	3,569,075
Fund balances, end of year	<u>\$ (726,766)</u>	<u>\$ 9,083,686</u>	<u>\$ 17,418,199</u>	<u>\$ 880,135</u>

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

City of Moss Point, Mississippi
Statement of Net Position
Proprietary Funds
September 30, 2013

	Business-Type Activities-Enterprise Funds		
	Major Funds		
	Moss Point Public Utility Fund	Escatawpa Utility District	Total Enterprise Funds
Assets			
Current assets:			
Cash	\$ 648,023	\$ 749,078	\$ 1,397,101
Restricted cash	372,218	159,013	531,231
Receivables:			
Customer accounts, net	490,932	167,792	658,724
Other	(3,776)	(1,138)	(4,914)
Due from other City funds	4,259,604	2,389,562	6,649,166
Gas inventory	98,864	40,792	139,656
Prepays	22,072	3,816	25,888
Total current assets	<u>5,887,937</u>	<u>3,508,915</u>	<u>9,396,852</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	21,209,241	6,114,301	27,323,542
Total noncurrent assets	<u>21,209,241</u>	<u>6,114,301</u>	<u>27,323,542</u>
Total assets	<u>27,097,178</u>	<u>9,623,216</u>	<u>36,720,394</u>
Liabilities			
Current liabilities:			
Accounts payable	363,337	131,526	494,863
Customer deposits payable from restricted assets	372,218	159,013	531,231
Current portion of bond and notes	255,155	122,676	377,831
Compensated absences	23,258	13,679	36,937
Due to other City funds	6,874,068	4,607,595	11,481,663
Total current liabilities	<u>7,888,036</u>	<u>5,034,489</u>	<u>12,922,525</u>
Non-current liabilities:			
Notes payable, non-current	4,392,257	394,791	4,787,048
Compensated absences	69,774	41,037	110,811
Total non-current liabilities	<u>4,462,031</u>	<u>435,828</u>	<u>4,897,859</u>
Total liabilities	<u>12,350,067</u>	<u>5,470,317</u>	<u>17,820,384</u>
Net position			
Invested in capital assets, net of related debt	16,561,829	5,596,834	22,158,663
Unrestricted	(1,814,718)	(1,443,935)	(3,258,653)
Total net position	<u>\$ 14,747,111</u>	<u>\$ 4,152,899</u>	<u>\$ 18,900,010</u>

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

City of Moss Point, Mississippi
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2013

	Business-Type Activities-Enterprise Funds		
	Major Funds		
	Moss Point Public Utility Fund	Escatawpa Utility District	Total Enterprise Funds
Operating Revenues			
Charges for services:			
Water sales, sewer revenues			
penalties & installations, net	\$ 4,926,996	\$ 2,058,333	\$ 6,985,329
Other income	-	49,186	49,186
Total operating revenues	<u>4,926,996</u>	<u>2,107,519</u>	<u>7,034,515</u>
Operating expenses			
Personal services	1,097,257	201,993	1,299,250
Supplies and materials	656,344	417,586	1,073,930
Contractual services	1,671,514	808,368	2,479,882
Other supplies and expenses	200,416	16,942	217,358
Repairs and maintenance	368,637	124,346	492,983
Insurance claims and expenses	156,462	15,848	172,310
Utilities	539,293	63,932	603,225
Depreciation	1,494,581	472,211	1,966,792
Total operating expenses	<u>6,184,504</u>	<u>2,121,226</u>	<u>8,305,730</u>
Operating income (loss)	<u>(1,257,508)</u>	<u>(13,707)</u>	<u>(1,271,215)</u>
Non-operating revenues (expenses)			
Interest expense	(29,229)	(26,164)	(55,393)
Special Community Disaster Loan Forgiven	710,174	400,000	1,110,174
Total non-operating revenues (expenses)	<u>680,945</u>	<u>373,836</u>	<u>1,054,781</u>
Income before contributions and transfers	<u>(576,563)</u>	360,129	(216,434)
Transfers in (out)	18,071	(373,421)	(355,350)
Change in net position	<u>(558,492)</u>	<u>(13,292)</u>	<u>(571,784)</u>
Net position, beginning of year	<u>15,305,603</u>	<u>4,166,191</u>	<u>19,471,794</u>
Net position, end of year	<u>\$ 14,747,111</u>	<u>\$ 4,152,899</u>	<u>\$ 18,900,010</u>

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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, 2013

	Business-Type Activities-Enterprise Funds		
	Major Funds		
	Moss Point Public Utility Fund	Escatawpa Utility District	Total Enterprise Funds
Cash flows from operating activities			
Receipts from customers	\$ 5,041,955	\$ 2,127,581	\$ 7,169,536
Receipts from interfund services provided			
Payments to suppliers	(3,845,947)	(1,535,935)	(5,381,882)
Payments for services of employees	(1,096,837)	(187,904)	(1,284,741)
Net cash provided by (used in) operating activities	<u>99,171</u>	<u>403,742</u>	<u>502,913</u>
Cash flows from non-capital financing activities			
Loans (to) from other funds	(148,091)	116,144	(31,947)
Transfers (to) from other funds	18,071	(373,421)	(355,350)
Net cash provided by (used in) non-capital financing activities	<u>(130,020)</u>	<u>(257,277)</u>	<u>(387,297)</u>
Cash flows from capital and related financing activities			
Proceeds from capital debt	130,552	-	130,552
Acquisition of capital assets	(130,552)	-	(130,552)
Retirement of debt	(262,708)	(117,270)	(379,978)
Interest paid on debt	(29,229)	(26,164)	(55,393)
Net cash provided by (used in) capital and related financing activities	<u>(291,937)</u>	<u>(143,434)</u>	<u>(435,371)</u>
Net increase (decrease) in cash and cash equivalents	(322,786)	3,031	(319,755)
Cash and cash equivalents, beginning of period	1,343,026	905,061	2,248,087
Cash and cash equivalents, end of period	<u>\$ 1,020,240</u>	<u>\$ 908,092</u>	<u>\$ 1,928,332</u>
Classified as:			
Current assets	\$ 648,023	\$ 749,078	\$ 1,397,101
Restricted assets	372,218	159,013	531,231
Totals	<u>\$ 1,020,241</u>	<u>\$ 908,091</u>	<u>\$ 1,928,332</u>

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

City of Moss Point, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2013
(Continued)

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Major Funds</u>		
	<u>Moss Point Public Utility Fund</u>	<u>Escatawpa Utility District</u>	<u>Total Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,257,508)	\$ (13,707)	\$ (1,271,215)
Adjustments not affecting cash			
Depreciation	1,494,581	472,211	1,966,792
Changes in assets and liabilities:			
Accounts receivable	85,555	7,518	93,073
Gas inventory	(1,876)	(1,802)	(3,678)
Prepays	(15,493)	(2,638)	(18,131)
Accounts payable and accrued expenses	(235,493)	(70,380)	(305,873)
Customer deposits	29,405	12,540	41,945
Net cash provided by (used in) operating activities	<u>\$ 99,171</u>	<u>\$ 403,742</u>	<u>\$ 502,913</u>

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

City of Moss Point, Mississippi
Statement of Net Position
Fiduciary Funds
September 30, 2013

	Tax Collector's Fund
Assets	
Cash and cash equivalents	\$ 245,232
Accounts receivable, net	46,253
Total assets	291,485
Liabilities	
Accounts payable and accrued liabilities	96,610
Due to other agencies	194,875
Total liabilities	291,485
Net Position	\$ -

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

City of Moss Point
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

B. Basic Financial Statements

Government-Wide and Fund Financial Statements

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal operations. The principal operating revenues of the Utility funds are charges to customers for sales and services. Operating expenses for the enterprise 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.

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

D. Fund Types and Major Funds

Governmental Funds

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

General Fund

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

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

Fiduciary Funds

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

Proprietary Fund Types

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

Proprietary Fund

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

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

E. Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value.

Accounts Receivable

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

Inventories and Prepaids

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

Capital Assets

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

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

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

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

Compensated Absences

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

Interfund Transactions

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

Advances to Other Funds

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

Bond Discounts, Bond Premiums, and Issuance Costs

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

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

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

Deferred Revenue

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

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

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

F. New Accounting Pronouncement

During the year, the City implemented GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (GASBS No. 62). This standard incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in FASB pronouncements, which does not conflict with or contradict GASB pronouncements, and eliminates the criteria to apply post-November 30, 1989, pronouncements that do not conflict with or contradict GASB pronouncements.

During the year, the City implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (GASBS No. 63). This standard establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the residual amount of the other elements). This Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. In addition, the terminology used in the financial statements changed from "Net Assets" to "Net Position", including changing the name of the government-wide financial statement and proprietary funds financial statement from "Statement of Net Assets" to "Statement of Net Position".

During the year, the City early implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASBS No. 65), which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

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

Note 2 – Stewardship, Compliance and Accountability:

A. Budgetary Data

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

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

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the excess (deficiency) of revenues and other sources over expenditures and other uses for the year ended September 30, 2013 is as follows:

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

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ (1,818,645)
Adjustments	
To convert receivables	460,280
To convert prepaids	76,047
To convert liabilities	873,578
Totals, GAAP basis	\$ (408,740)

B. Deficit Fund Equity

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

Community Development Block Grant Fund	\$ 258,421
Moss Point Library Project Fund	2,058
Home Program Grant Fund	518
Federal Disaster Assistance Fund	1,294,380
Capital Improvement Fund	271,731
Hurricane Relief Grant Fund	1,066
Hazard Mitigation Program Fund	119,328
E.U.D. Sewer System Rehab Phase III Fund	5,146

Note 3 – Property Tax Revenue

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

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

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

The tax levies for the calendar years 2013, 2012 and 2011 (taxes collected in the fiscal years ending September 30, 2014, September 30, 2013 and September 30, 2012) are as follows:

	September 30,		
	<u>2014 Millage</u>	<u>2013 Millage</u>	<u>2012 Millage</u>
City Funds			
General Fund	43.19	41.34	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	4.88	5.00	8.00
Total City administered funds	<u>50.07</u>	<u>48.34</u>	<u>50.00</u>
School Funds			
District maintenance	57.61	58.79	57.79
School note redemption	4.21	4.76	4.10
Total School administered funds	<u>61.82</u>	<u>63.55</u>	<u>61.89</u>
Total levy	<u>111.89</u>	<u>111.89</u>	<u>111.89</u>

Note 4 – Deposits and Investments

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

Deposits

Deposits consist of cash amounts in demand accounts and certificates of deposit. The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool

administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. By using this multiple financial institution collateral pool, all of the City's deposits at September 30, 2013 fall into the credit risk category of "*Insured or collateralized with securities held by the entity or by its agent in the entity's name*". Deposits including certificates of deposit are summarized as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental funds	\$ 3,483,940	\$ -	\$ 3,483,940
Proprietary funds	1,397,101	531,231	1,928,332
Totals	<u>\$ 4,881,041</u>	<u>\$ 531,231</u>	<u>\$ 5,412,272</u>

The City's bank balance at September 30, 2013, as reported by the various financial institutions, was \$5,779,738.

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

Note 5 – Restricted Assets

Restricted assets of \$531,231 at September 30, 2013, consist of the following:

Cash on deposit	\$ 531,231
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The above assets are restricted for the purpose of holding water and gas meter customer deposits.

Note 6 – Receivables

The Statement of Net Assets of the City of Moss Point includes the following receivables at September 30, 2013:

Taxes receivable:	
Franchise taxes	\$ 224,097
Ad valorem taxes	243,523
Total taxes receivable	<u>\$ 467,620</u>
Customer accounts receivable:	
Public utility charges	\$ 928,029
Less allowance for doubtful accounts	(273,344)
Total customer accounts receivable, net	<u>\$ 654,685</u>
Grants receivable:	
Federal and state grants	<u>\$ 332,672</u>
Other receivables:	
Police court fines	\$ 7,435,513
Less allowance for doubtful accounts	(6,146,138)
Total police court fines receivable, net	<u>1,289,375</u>
Total other receivables	<u>\$ 1,289,375</u>

Note 7 – Prepaids

Prepaids at September 30, 2013 consist of the following:

Governmental:	
Prepaid insurance premiums	\$ 86,940
Proprietary:	
Prepaid insurance premiums	25,888
Total prepaids	<u>\$ 112,828</u>

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

Note 8 – Interfund Receivables and Payables

Individual fund receivables and payables at September 30, 2013 were as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds		
General Fund	\$ 9,473,703	\$ 2,874,377
Special Revenue Funds:		
Fire Protection Fund	47,380	-
Library Fund	143	5,089
Municipalities Crime Prevention Grant Fund	3,967	-
Tidelands Grant Fund	900	17,216
Economic Development Resources Fund	251,255	67,993
Pelican Landing Operating Fund	41,479	65,565
Community Development Block Grant Fund	53,862	278,513
Federal Seized Asset Fund	62,077	3,729
Moss Point Library Project Fund	-	2,070
Home Program Grant Fund	-	2,000
CDBG Disaster Supplemental Fund	154,771	89,496
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	44,405	-
Capital Projects Funds:		
1998 General Obligation Bond Fund	98,346	109,891
1998 General Obligation Street Bond Fund	111,561	4,202
Redevelopment Authority Fund	-	600
Natural Disaster Fund	219,670	14,100
Post Office Project Fund	-	3
Federal Disaster Assistance Fund	33,255	1,888,811
Capital Improvement Fund	-	271,731
Pelican Landing Project Fund	41,907	-
Hazard Mitigation Program	129,020	248,448
USRDA Self Help Grant	542	-
DEQ Gulf Region Disaster Recovery	51,697	41,913
EUD Capital Projects	-	11,797
Tax Collection fund	2,854	-
Total City funds	<u>10,949,741</u>	<u>6,117,244</u>
Proprietary Funds:		
Moss Point Public Utility Fund	4,259,604	6,874,068
Escatawpa Utility District	2,389,562	4,607,595
Total Public Utility Funds	<u>6,649,166</u>	<u>11,481,663</u>
Totals	<u>\$ 17,598,907</u>	<u>\$ 17,598,907</u>

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

Note 9 – Capital Asset Activity

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 2,131,823	\$ -	\$ -	\$ 2,131,823
Construction in progress	1,674,567	461,796	34,960	2,101,403
Total capital assets not being depreciated	<u>3,806,390</u>	<u>461,796</u>	<u>34,960</u>	<u>4,233,226</u>
Capital assets being depreciated				
Buildings	13,840,841	-	-	13,840,841
Improvements other than buildings	2,126,274	45,991	-	2,172,265
Machinery and equipment	8,554,336	524,308	-	9,078,644
Infrastructure - streets and drainage	11,632,313	-	-	11,632,313
Total capital assets being depreciated	<u>36,153,764</u>	<u>570,299</u>	<u>-</u>	<u>36,724,063</u>
Less accumulated depreciation for:				
Buildings	(3,661,746)	(330,403)	-	(3,992,149)
Improvements other than buildings	(112,581)	(109,352)	-	(221,933)
Machinery and equipment	(6,481,666)	(436,895)	-	(6,918,561)
Infrastructure - streets and drainage	(5,896,830)	(316,036)	-	(6,212,866)
Total accumulated depreciation	<u>(16,152,823)</u>	<u>(1,192,686)</u>	<u>-</u>	<u>(17,345,509)</u>
Net capital assets being depreciated	<u>20,000,941</u>	<u>(622,387)</u>	<u>-</u>	<u>19,378,554</u>
Net governmental activities assets	<u>\$ 23,807,331</u>	<u>\$ (160,591)</u>	<u>\$ 34,960</u>	<u>\$ 23,611,780</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 131,117	\$ -	\$ -	\$ 131,117
Total capital assets not being depreciated	<u>131,117</u>	<u>-</u>	<u>-</u>	<u>131,117</u>
Capital assets being depreciated:				
Buildings	18,566,008	-	-	18,566,008
Equipment	2,571,262	130,553	-	2,701,815
Infrastructure and improvements - other	51,906,450	-	-	51,906,450
Total capital assets being depreciated	<u>73,043,720</u>	<u>130,553</u>	<u>-</u>	<u>73,174,273</u>
Less accumulated depreciation for:				
Buildings	(13,111,675)	(333,572)	-	(13,445,247)
Equipment	(2,383,520)	(43,128)	-	(2,426,648)
Infrastructure and improvements - other	(28,519,860)	(1,590,092)	-	(30,109,952)
Total accumulated depreciation	<u>(44,015,055)</u>	<u>(1,966,792)</u>	<u>-</u>	<u>(45,981,847)</u>
Net capital assets being depreciated	<u>29,028,665</u>	<u>(1,836,239)</u>	<u>-</u>	<u>27,192,426</u>
Net business-type activities assets	<u>\$ 29,159,782</u>	<u>\$ (1,836,239)</u>	<u>\$ -</u>	<u>\$ 27,323,543</u>

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

Depreciation expense was charged to functions/programs for the year ended September 30, 2013 as follows:

Governmental activities	
General government	\$ 1,192,686
Total depreciation expense - governmental activities	<u>\$ 1,192,686</u>
Business type activities	
Utility system revenue	\$ 1,494,581
EUD system revenue	472,211
Total depreciation expense - business-type activities	<u>\$ 1,966,792</u>
Total depreciation expense	<u>\$ 3,159,478</u>

Note 10 – Long-Term Debt

The following is a summary of bond and other long-term debt transactions of the City for the year ended September 30, 2013:

	Beginning 10/01/12	Additions	Reductions	Ending 9/30/13	Amounts Due Within One Year
Governmental activities					
General Obligation Debt	\$ 3,555,000	\$ 2,565,000	\$ 370,000	\$ 5,750,000	\$ 305,000
Notes payable	488,718	-	293,928	194,790	27,767
Special Community					
Disaster Loan	1,418,940	-	1,418,940	-	-
Capital leases	298,688	-	70,808	227,880	57,288
Compensated absences	632,393	116,643	-	749,036	187,259
Total governmental activities	<u>\$ 6,393,739</u>	<u>\$ 2,681,643</u>	<u>\$ 2,153,676</u>	<u>\$ 6,921,706</u>	<u>\$ 577,314</u>
Business-type activities					
Water and Sewer	\$ 4,229,561	\$ -	\$ 289,143	\$ 3,940,418	\$ 291,815
Drinking water loan	1,170,534	-	56,465	1,114,069	57,576
Special Community					
Disaster Loan	1,110,174	-	1,110,174	-	-
Capital leases	14,210	130,552	34,370	110,392	28,440
Compensated absences	111,356	36,392	-	147,748	36,937
Total business-type activities	<u>\$ 6,635,835</u>	<u>\$ 166,944</u>	<u>\$ 1,490,152</u>	<u>\$ 5,312,627</u>	<u>\$ 414,768</u>

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

Bonds, notes, and other long-term debt payable at September 30, 2013 are comprised of the following individual issues:

	<u>Original Issue</u>	<u>Range of Interest Rates</u>	<u>Amount Outstanding 9/30/13</u>
Governmental Activities			
Bonds and Notes:			
General obligation capital improvement bonds, series 2013, due in biannual installments through 2033	\$ 2,565,000	2.25% - 2.875%	\$ 2,565,000
General Obligation Street Bonds, series 1998, due in various annual installments through 08/1/18	1,500,000	4.38% - 6.00%	525,000
Capital Improvements Revolving Loan, due in monthly installments of \$2,773 through 3/1/20	500,000	3.00%	194,790
Special obligation bond, series 2010, due in various annual installments through 6/01/30	3,000,000	2.00% - 3.75%	<u>2,660,000</u>
Total bonds and notes			<u>5,944,790</u>
Capital Leases:			
Capital lease note, payable in monthly installments of \$1,899 through 3/10/14, secured by an excavator	104,853	3.34%	9,421
Capital lease note, payable in monthly installments of \$312 through 12/15/13, secured by a 2010 Ford F-150	13,980	3.34%	929
Capital lease note, payable in monthly installments of \$994 through 8/25/14, secured by a New Holland Tractor	44,608	3.34%	10,754
Capital lease note, payable in annual installments of \$36,527 through 10/20/18, secured by a fire truck	293,927	4.16%	190,490
Capital lease note, payable in monthly installments of \$559 through 4/15/16, secured by a 2012 Chevy Tahoe	25,622	2.28%	<u>16,286</u>
Total capital leases			227,880
Compensated absences			749,036
Total governmental long-term debt			<u>\$ 6,921,706</u>

(Continued)

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

	Original Issue	Range of Interest Rates	Amount Outstanding 9/30/13
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%	\$ 179,329
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%	338,138
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%	1,275,755
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%	1,180,493
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%	996,703
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%	1,114,069
Total bonds and notes			<u>5,084,487</u>
Capital Leases:			
Capital lease note, payable in monthly installments of \$2,279 through 2/27/17, secured by a street sweeper	130,552		107,502
Capital lease note, payable in monthly installments of \$969 through 3/10/14, secured by a well point machine	43,462		2,890
Total capital leases			<u>110,392</u>
Compensated absences			147,748
Total business-type activities long-term debt			<u><u>\$ 5,342,627</u></u>

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2013 follow and include interest on the variable rate debt.

Year Ended September 30,	Governmental Activities			
	Bonds and Notes		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 331,266	\$ 206,443	\$ 57,288	\$ 8,506
2015	348,611	195,528	36,331	6,905
2016	354,481	183,482	34,388	5,525
2017	370,378	170,833	32,323	4,204
2018	381,301	157,280	33,667	2,860
2019-2023	1,363,753	624,749	33,883	1,450
2024-2028	1,580,000	382,461	-	-
2029-2033	1,215,000	94,057	-	-
Totals	<u>\$ 5,944,790</u>	<u>\$ 2,014,833</u>	<u>\$ 227,880</u>	<u>\$ 29,450</u>

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

Year Ended September 30,	Business-type Activities			
	Bonds and Notes		Capital Leases	
	Principal	Interest	Principal	Interest
2014	\$ 349,391	\$ 329,508	\$ 28,440	\$ 1,809
2015	359,068	119,582	26,022	1,321
2016	369,208	100,933	26,502	841
2017	356,381	82,337	26,992	352
2018	258,392	70,352	2,436	11
2019-2023	1,286,183	268,785	-	-
2024-2028	1,407,320	149,730	-	-
2029-2033	668,544	29,023	-	-
Totals	<u>\$ 5,054,487</u>	<u>\$ 1,150,250</u>	<u>\$ 110,392</u>	<u>\$ 4,334</u>

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

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

Assessed valuations 2012 (inside the City):

Real property	\$ 49,709,825
Personal property	9,348,544
Public utility	11,506,570
Autos, estimated	11,697,144
Total assessed valuations	<u>\$ 82,262,083</u>

Fifteen percent (15%) of total assessed valuation	\$ 12,339,312
Less outstanding general issues at 9/30/12	<u>5,750,000</u>
Legal debt margin	<u>\$ 6,589,312</u>

The Board of Aldermen annually adopts a resolution providing for the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City. The millage rate for the year ended September 30, 2013, was 5.00 mills or \$5.00 per \$1,000 of assessed value.

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

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

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

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

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

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

Note 11 – Defined Benefit Pension Plan

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

PERS members are required to contribute 9.00% of their annual covered salary and the City of Moss Point is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Moss Point's contributions to PERS for the years ending September 30, 2013, 2012 and 2011 were \$778,949, \$654,042 and \$688,156, 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 \$124,679 in revenues for library purposes.

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

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, 2013, a complete copy of which is on file at the administrative offices of the Authority.

Jackson County Utility Authority Synopsis
Statement of Net Position

Assets	
Current assets	\$ 2,828,776
Restricted assets	3,124,829
Noncurrent assets	<u>135,840,387</u>
Total assets	<u>\$ 141,793,992</u>
 Liabilities and Fund Equity	
Liabilities	
Current liabilities	\$ 6,651,372
Non-current liabilities	<u>8,268,820</u>
Total liabilities	<u>14,920,192</u>
 Net Position	 <u>126,873,800</u>
 Total liabilities and net assets	 <u>\$ 141,793,992</u>

During the year ended September 30, 2013, the City's pro-rata share of costs charged by the Authority was \$2,153,592.

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

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues	\$ 9,212,044
Operating expenses	(8,468,250)
Depreciation and amortization	(6,157,070)
Non-operating revenues (expenses)	<u>1,963,443</u>
Change in net position	<u>\$ (3,449,833)</u>

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 June 25, 2014 the date on which the financial statements were available to be issued.

Combining Financial Statements

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue
September 30, 2013

Assets	Special Revenue					Law Enforcement Grant Fund
	Library Fund	Fire Protection Fund	Municipalities	Tidelands	Economic	
			Crime Protection Grant Fund	Grant Fund	Development Resources Fund	
Cash	\$ 18,373	\$ 7,602	\$ (21,072)	\$ 49,661	\$ 530,733	\$ 33
Accounts receivable, net	23,000	455	49,374	-	56,673	-
Due from other funds	143	47,380	3,967	900	251,255	-
Prepays	654	-	-	-	-	-
Total assets	<u>\$ 42,170</u>	<u>\$ 55,437</u>	<u>\$ 32,269</u>	<u>\$ 50,561</u>	<u>\$ 838,661</u>	<u>\$ 33</u>
			260,636			
Liabilities & Fund Balance						
Liabilities						
Accounts payable	\$ 468	\$ -	\$ -	\$ -	\$ 1,248	\$ -
Due to other funds	5,089	-	-	17,216	67,993	-
Total liabilities	<u>5,557</u>	<u>-</u>	<u>-</u>	<u>17,216</u>	<u>69,241</u>	<u>-</u>
Fund balance						
Nonspendable						
Prepays	654	-	-	-	-	-
Committed for						
Capital Improvements	-	-	-	-	-	-
Unassigned	35,959	55,437	32,269	33,345	769,420	33
Total fund balances	<u>36,613</u>	<u>55,437</u>	<u>32,269</u>	<u>33,345</u>	<u>769,420</u>	<u>33</u>
Total liabilities & fund balance	<u>\$ 42,170</u>	<u>\$ 55,437</u>	<u>\$ 32,269</u>	<u>\$ 50,561</u>	<u>\$ 838,661</u>	<u>\$ 33</u>

See independent auditors' report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds - Special Revenue
September 30, 2013

Special Revenue								
Seized Assets Fund	Federal Seized Assets Fund	Emergency Shelter Grant Fund	Pelican Landing Operating Fund	Community Development Block Grant Fund	Special Grants Fund	Moss Point Library Project Fund	Home Program Grant Fund	CDBG Supplemental Grant Fund
\$ 7,539	\$ 54,714	\$ 110	\$ 117,017	\$ (544)	\$ 51	\$ 12	\$ 2,482	\$ 100
-	-	-	200	31	-	-	-	-
-	62,077	-	41,479	53,862	-	-	-	154,771
-	-	-	-	-	-	-	-	-
<u>\$ 7,539</u>	<u>\$ 116,791</u>	<u>\$ 110</u>	<u>\$ 158,696</u>	<u>\$ 53,349</u>	<u>\$ 51</u>	<u>\$ 12</u>	<u>\$ 2,482</u>	<u>\$ 154,871</u>
\$ -	\$ 3,402	\$ -	\$ 43,144	\$ 33,257	\$ -	\$ -	\$ 1,000	\$ -
3,729	-	-	65,565	278,513	-	2,070	2,000	89,496
<u>3,729</u>	<u>3,402</u>	<u>-</u>	<u>108,709</u>	<u>311,770</u>	<u>-</u>	<u>2,070</u>	<u>3,000</u>	<u>89,496</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	65,375
3,810	113,389	110	49,987	(258,421)	51	(2,058)	(518)	-
<u>3,810</u>	<u>113,389</u>	<u>110</u>	<u>49,987</u>	<u>(258,421)</u>	<u>51</u>	<u>(2,058)</u>	<u>(518)</u>	<u>65,375</u>
<u>\$ 7,539</u>	<u>\$ 116,791</u>	<u>\$ 110</u>	<u>\$ 158,696</u>	<u>\$ 53,349</u>	<u>\$ 51</u>	<u>\$ 12</u>	<u>\$ 2,482</u>	<u>\$ 154,871</u>

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City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2013

	Capital Projects				
	Redevelop- ment Authority Fund	Natural Disaster Relief Fund	Natural Disaster Fund	Federal Disaster Assistance Fund	1996 Public Improvement Bond Fund
Assets					
Cash	\$ 38,331	\$ 11,387	\$ 587,961	\$ 559,806	\$ 26,447
Accounts receivable, net	-	-	-	1,370	-
Due from other funds	-	-	219,660	33,255	-
Total assets	<u>\$ 38,331</u>	<u>\$ 11,387</u>	<u>\$ 807,621</u>	<u>\$ 594,431</u>	<u>\$ 26,447</u>
Liabilities & Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 23,035	\$ -	\$ -
Due to other funds	600	-	14,100	1,888,811	-
Total liabilities	<u>600</u>	<u>-</u>	<u>37,135</u>	<u>1,888,811</u>	<u>-</u>
Fund balance					
Committed for capital improvements	<u>37,731</u>	<u>11,387</u>	<u>770,486</u>	<u>(1,294,380)</u>	<u>26,447</u>
Total liabilities & fund balance	<u>\$ 38,331</u>	<u>\$ 11,387</u>	<u>\$ 807,621</u>	<u>\$ 594,431</u>	<u>\$ 26,447</u>

See independent auditors' report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2013

Capital Projects

Post Office Project Fund	1998 Public Improvement Bond Fund	1998 Public Imp. Street Bond Fund	Pelican Landing Project Fund	Capital Improvement Fund	Hurricane Relief Grant Fund
\$ 559,200	\$ 62,938	\$ -	\$ 37,664	\$ -	\$ 2,034
-	-	-	675	-	-
-	98,346	111,561	41,907	-	10
<u>\$ 559,200</u>	<u>\$ 161,284</u>	<u>\$ 111,561</u>	<u>\$ 80,246</u>	<u>\$ -</u>	<u>\$ 2,044</u>
\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 3,110
3	109,891	4,202	-	271,731	-
<u>3</u>	<u>109,891</u>	<u>4,202</u>	<u>200</u>	<u>271,731</u>	<u>3,110</u>
559,197	51,393	107,359	80,046	(271,731)	(1,066)
<u>\$ 559,200</u>	<u>\$ 161,284</u>	<u>\$ 111,561</u>	<u>\$ 80,246</u>	<u>\$ -</u>	<u>\$ 2,044</u>

See independent auditors' report.

City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2013
(Continued)

Assets	Capital Projects				
	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	EECBG	E.U.D Sewer System Rehab, PH II
Cash	\$ 100	\$ 100	\$ 100	\$ -	\$ 6,651
Accounts receivable, net	-	-	-	-	-
Due from other funds	129,020	542	51,697	-	-
Total assets	\$ 129,120	\$ 642	\$ 51,797	\$ -	\$ 6,651
 Liabilities & Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	248,448	-	41,913	-	11,797
Total liabilities	248,448	-	41,913	-	11,797
 Fund balance					
Committed for capital improvements	(119,328)	642	9,884	-	(5,146)
Total liabilities & fund balance	\$ 129,120	\$ 642	\$ 51,797	\$ -	\$ 6,651

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City of Moss Point, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2013

Assets	Debt Service				Total Governmental Funds
	Bond Redemption Fund	School Bond Redemption Fund	1993 Bond & Interest Redemption Fund	2010 Public Improvement Bond Fund	
Cash	\$ 561,236	\$ 113,504	\$ 91	\$ 137,660	\$ 3,472,021
Accounts receivable, net	8,956	-	-	-	140,734
Due from other funds	126,947	-	-	44,405	1,473,184
Prepays	-	-	-	-	654
Total assets	\$ 697,139	\$ 113,504	\$ 91	\$ 182,065	\$ 5,086,593
Liabilities & Fund Balance					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,600	\$ 111,464
Due to other funds	103,335	16,282	83	-	3,242,867
Total liabilities	103,335	16,282	83	2,600	3,354,331
Fund balance					
Nonspendable					
Prepays					654
Committed for capital improvements	-	-	-	-	28,296
Debt service	593,804	97,222	8	179,465	870,499
Unassigned	-	-	-	-	832,813
Total fund balances	593,804	97,222	8	179,465	1,732,262
Total liabilities & fund balance	\$ 697,139	\$ 113,504	\$ 91	\$ 182,065	\$ 5,086,593

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Special Revenue
For the Year Ended September 30, 2013

	Special Revenue					Law Enforcement Grant Fund
	Library Fund	Fire Protection Fund	Municipalities Crime Protection Grant Fund	Tidelands Grant Fund	Economic Development Resources Fund	
Revenues						
Property taxes	\$ 124,679	\$ 20,812	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-	354,201	-
Intergovernmental	-	-	-	322,790	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Other	-	-	260,636	-	-	-
Total revenues	<u>124,679</u>	<u>20,812</u>	<u>260,636</u>	<u>322,790</u>	<u>354,201</u>	<u>-</u>
Expenditures						
Current						
Public safety	-	-	214,440	-	-	13,699
Public works	-	-	-	-	-	-
Cultural and recreation	124,834	-	-	-	-	-
Urban and economic development	-	-	-	-	340,175	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>124,834</u>	<u>-</u>	<u>214,440</u>	<u>-</u>	<u>340,175</u>	<u>13,699</u>
Excess of revenues over expenditures	<u>(155)</u>	<u>20,812</u>	<u>46,196</u>	<u>322,790</u>	<u>14,026</u>	<u>(13,699)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	277,236	-
Transfers out	-	(21,000)	-	(277,236)	(96,000)	-
Net change in fund balances	<u>(155)</u>	<u>(188)</u>	<u>46,196</u>	<u>45,554</u>	<u>195,262</u>	<u>(13,699)</u>
Fund balance, beginning of year	<u>36,768</u>	<u>55,625</u>	<u>(13,927)</u>	<u>(12,209)</u>	<u>574,158</u>	<u>13,732</u>
Fund balance, end of year	<u>\$ 36,613</u>	<u>\$ 55,437</u>	<u>\$ 32,269</u>	<u>\$ 33,345</u>	<u>\$ 769,420</u>	<u>\$ 33</u>

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Special Revenue
For the Year Ended September 30, 2013

Special Revenue								
Seized Assets Fund	Federal Seized Assets Fund	Emergency Shelter Grant Fund	Pelican Landing Operating Fund	Community Development Block Grant Fund	Special Grants Fund	Moss Point Library Project Fund	Home Program Grant Fund	CDBG Supplemental Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	257,218	-	-	25,000	-
-	-	-	-	55,409	-	-	-	-
-	22	-	-	-	-	-	-	-
10,121	79,820	-	23,815	-	30,839	23	-	-
<u>10,121</u>	<u>79,842</u>	<u>-</u>	<u>23,815</u>	<u>312,627</u>	<u>30,839</u>	<u>23</u>	<u>25,000</u>	<u>-</u>
7,102	35,165	-	-	-	-	-	-	-
-	-	-	-	340,237	-	-	-	-
-	-	-	13,675	-	-	-	-	-
-	-	-	-	-	30,839	-	26,352	-
-	141,955	-	-	-	-	-	-	91,315
<u>7,102</u>	<u>177,120</u>	<u>-</u>	<u>13,675</u>	<u>340,237</u>	<u>30,839</u>	<u>-</u>	<u>26,352</u>	<u>91,315</u>
3,019	(97,278)	-	10,140	(27,610)	-	23	(1,352)	(91,315)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>3,019</u>	<u>(97,278)</u>	<u>-</u>	<u>10,140</u>	<u>(27,610)</u>	<u>-</u>	<u>23</u>	<u>(1,352)</u>	<u>(91,315)</u>
791	210,667	110	39,847	(230,811)	51	(2,081)	834	156,690
<u>\$ 3,810</u>	<u>\$ 113,389</u>	<u>\$ 110</u>	<u>\$ 49,987</u>	<u>\$ (258,421)</u>	<u>\$ 51</u>	<u>\$ (2,058)</u>	<u>\$ (518)</u>	<u>\$ 65,375</u>

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2013

	Capital Projects				
	Redevelop- ment Authority Fund	Natural Disaster Relief Fund	Natural Disaster Fund	Federal Disaster Assistance Fund	
Revenues					
Intergovernmental	\$ -	\$ -	\$ 81,023	\$ 372,567	\$ -
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>81,023</u>	<u>372,567</u>	<u>-</u>
Expenditures					
Current					
Cultural and recreation	-	-	-	-	-
Urban and economic development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	172,247	100,841	-
Total expenditures	<u>-</u>	<u>-</u>	<u>172,247</u>	<u>100,841</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(91,224)</u>	<u>271,726</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(91,224)</u>	<u>271,726</u>	<u>-</u>
Fund balance, beginning of year	<u>37,731</u>	<u>11,387</u>	<u>861,710</u>	<u>(1,566,106)</u>	<u>26,447</u>
Fund balance, end of year	<u>\$ 37,731</u>	<u>\$ 11,387</u>	<u>\$ 770,486</u>	<u>\$ (1,294,380)</u>	<u>\$ 26,447</u>

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2013

Capital Projects					
Post Office Project Fund	1998 Public Improvement Bond Fund	1998 Public Imp. Street Bond Fund	Pelican Landing Project Fund	Capital Improvement Fund	Hurricane Relief Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	60,450	-	-
-	-	-	-	-	-
409,054	-	-	-	-	-
<u>409,054</u>	<u>-</u>	<u>-</u>	<u>60,450</u>	<u>-</u>	<u>-</u>
-	-	-	55,383	-	-
17,978	-	-	-	-	-
243,568	-	-	-	-	-
109,480	-	-	-	-	-
-	21,841	-	-	-	-
<u>371,026</u>	<u>21,841</u>	<u>-</u>	<u>55,383</u>	<u>-</u>	<u>-</u>
38,028	(21,841)	-	5,067	-	-
-	-	-	-	-	-
-	-	(138,205)	-	-	-
-	-	(138,205)	-	-	-
<u>38,028</u>	<u>(21,841)</u>	<u>(138,205)</u>	<u>5,067</u>	<u>-</u>	<u>-</u>
521,169	73,234	245,564	74,979	(271,731)	(1,066)
<u>\$ 559,197</u>	<u>\$ 51,393</u>	<u>\$ 107,359</u>	<u>\$ 80,046</u>	<u>\$ (271,731)</u>	<u>\$ (1,066)</u>

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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, 2013

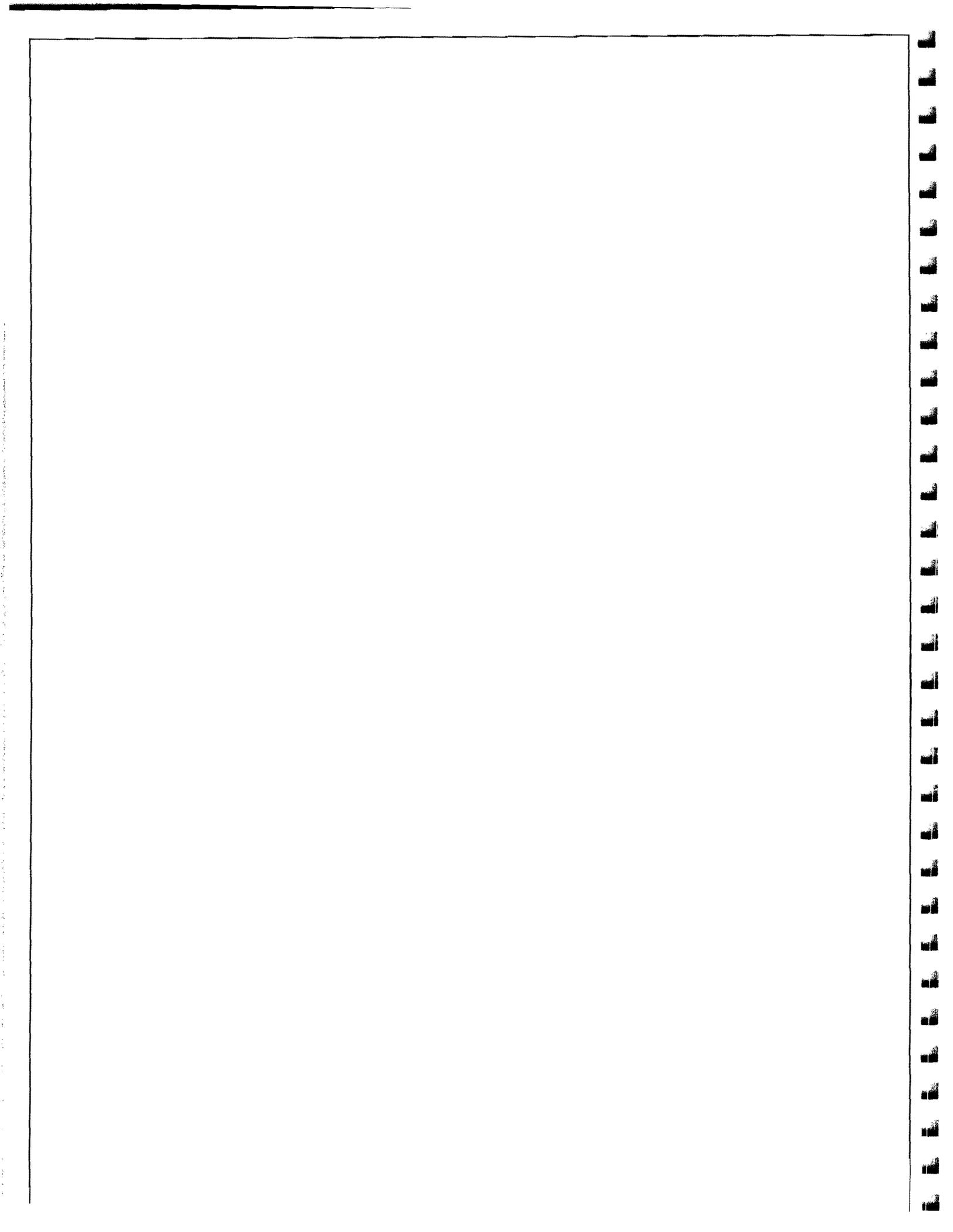
	Capital Projects				E.U.D Sewer System Rehab, PH II
	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	EECBG	
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	-	4
Other	55,389	-	-	-	-
Total revenues	<u>55,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Expenditures					
Current					
Cultural and recreation	-	-	-	-	-
Urban and economic development	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	57,684	-	-	-	-
Total expenditures	<u>57,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>(2,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>
Fund balance, beginning of year	<u>(117,033)</u>	<u>642</u>	<u>9,884</u>	<u>-</u>	<u>(5,150)</u>
Fund balance, end of year	<u>\$ (119,328)</u>	<u>\$ 642</u>	<u>\$ 9,884</u>	<u>\$ -</u>	<u>\$ (5,146)</u>

See independent auditors' report.

City of Moss Point, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2013

	Debt Service				Total Governmental Funds
	Bond Redemption Fund	School Bond Redemption Fund	1993 Bond & Interest Redemption Fund	2010 Public Improvement Bond Fund	
Revenues					
Property taxes	\$ 412,633	\$ -	\$ -	\$ -	\$ 558,124
Sales and miscellaneous taxes	-	-	-	-	354,201
Intergovernmental	237,069	-	-	427,048	1,722,715
Charges for services	-	-	-	-	115,859
Investment earnings	-	-	-	-	26
Other	-	-	-	-	869,697
Total revenues	<u>649,702</u>	<u>-</u>	<u>-</u>	<u>427,048</u>	<u>3,620,622</u>
Expenditures					
Current					
Public safety	-	-	-	-	270,406
Public works	-	-	-	-	340,237
Cultural and recreation	-	-	-	-	193,892
Urban and economic development	-	-	-	-	415,344
Debt service					
Principal	370,000	-	-	-	613,568
Interest and other charges	154,872	-	-	-	264,352
Capital outlay	-	-	-	700,885	1,286,768
Total expenditures	<u>524,872</u>	<u>-</u>	<u>-</u>	<u>700,885</u>	<u>3,384,567</u>
Excess of revenues over expenditures	<u>124,830</u>	<u>-</u>	<u>-</u>	<u>(273,837)</u>	<u>236,055</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	277,236
Transfers out	-	-	-	-	(532,441)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(255,205)</u>
Net change in fund balances	<u>124,830</u>	<u>-</u>	<u>-</u>	<u>(273,837)</u>	<u>(19,150)</u>
Fund balance, beginning of year	<u>468,974</u>	<u>97,222</u>	<u>8</u>	<u>453,302</u>	<u>1,751,412</u>
Fund balance, end of year	<u>\$ 593,804</u>	<u>\$ 97,222</u>	<u>\$ 8</u>	<u>\$ 179,465</u>	<u>\$ 1,732,262</u>

See independent auditors' report.



Supplemental Information

City of Moss Point, Mississippi
Schedule of Long-Term Debt
September 30, 2013

	Date Issued	Original Issue	Balance			Balance September 30, 2013	Requirements Year Ended	
			October 1, 2012	New Issues	Retirements		October 01, 2014	Principal
General Obligation Bonds and Notes								
General Obligation Street Bonds, Series 1998	08/01/98	\$ 1,500,000	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ -	\$ -
General Obligation Capital Improvement, Series 2013	05/01/13	2,565,000	-	2,565,000	-	2,565,000	95,000	67,356
General Obligation Public Improvement, Series 1998	08/01/98	1,500,000	615,000	-	90,000	525,000	95,000	24,840
Special Obligation Bond, Series 2010	06/01/10	300,000	2,775,000	-	115,000	2,660,000	115,000	108,738
Special community disaster loan	07/11/06	1,418,940	1,418,940	-	1,418,940	-	-	-
Total general obligation bonds and notes			<u>4,973,940</u>	<u>2,565,000</u>	<u>1,788,940</u>	<u>5,750,000</u>	<u>305,000</u>	<u>200,934</u>
Limited Obligation Bonds and Notes								
HUD Section 108	08/08/02	1,545,000	270,000	-	270,000	-	-	-
Capital improvements revolving loan	03/01/00	500,000	218,718	-	23,928	194,790	27,767	6,329
Total limited obligation bonds and notes			<u>488,718</u>	<u>-</u>	<u>293,928</u>	<u>194,790</u>	<u>27,767</u>	<u>6,329</u>
Other General Long-Term Debt								
Lease/Purchase	Various	482,990	298,688	-	70,808	227,880	57,288	8,506
Total general long-term debt			<u>5,761,346</u>	<u>2,565,000</u>	<u>2,153,676</u>	<u>6,172,670</u>	<u>390,055</u>	<u>215,769</u>
Proprietary Funds Debt								
Water and sewer pollution control loans	1997-2011	7,587,849	5,400,095	-	345,608	5,054,487	349,391	109,986
Special community disaster loan	07/12/06	1,110,174	1,110,174	-	1,110,174	-	-	-
Lease/Purchase	Various	174,014	14,210	130,552	34,370	110,392	28,440	1,809
Total proprietary funds debt			<u>6,524,479</u>	<u>130,552</u>	<u>1,490,152</u>	<u>5,164,879</u>	<u>377,831</u>	<u>111,795</u>
Totals			<u>\$ 12,285,825</u>	<u>\$ 2,695,552</u>	<u>\$ 3,643,828</u>	<u>\$ 11,337,549</u>	<u>\$ 767,886</u>	<u>\$ 327,564</u>

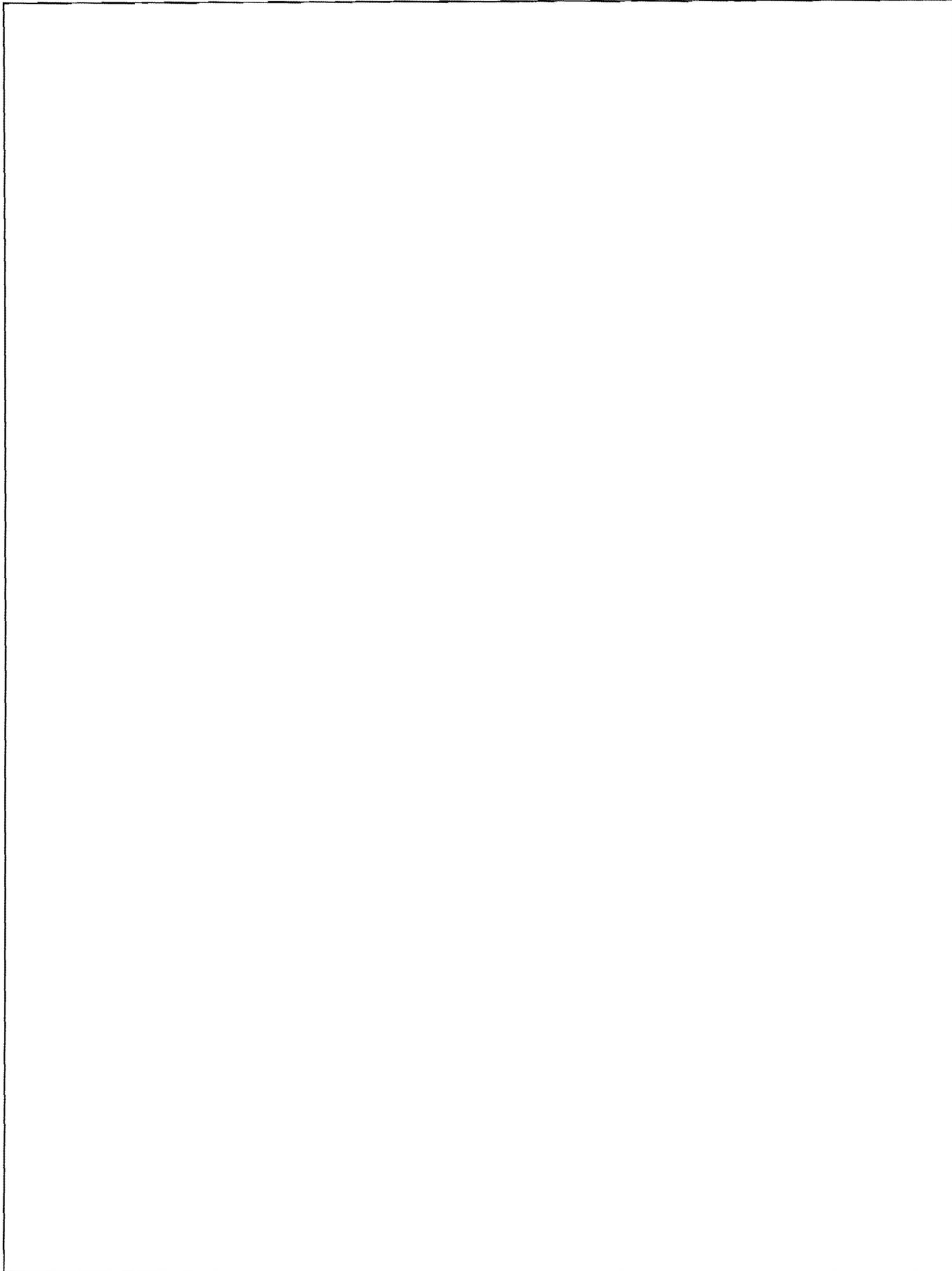
See independent auditors' report.

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

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

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Section III
Compliance Section

City of Moss Point, Mississippi
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2013

Grantor Federal Agency / Pass-Through Agency / Program Title	CFDA Number	Pass-Through Grantor No.	Federal Expenditures
United States Department of Justice Direct Programs			
Equitable Sharing	16.922		\$ 206,226
Edward Byrne Memorial Justice Assistance Grant	16.738		235,116
Total			<u>441,342</u>
Department of the Interior Direct Programs			
Pass through MS Department of Marine Resources Coastal Impact Assistance Program (CIAP)	15.668		<u>81,022</u>
Department of Housing & Urban Development			
Pass through MS Development Authority Community Development Block Grant	14.218		317,864
Home Investment Partnerships Program	14.239		26,351
Community Development Block Grant	14.228		199,751
Total			<u>543,966</u>
Department of Transportation			
Department of Transportation Direct Programs Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		10,162
Pass through MS Department of Transportation Highway Planning and Construction	20.205		440,896
Total			<u>451,058</u>
Department of Homeland Security			
Pass through MEMA Disaster Grants-Public Assistance (Presidentially declared)	97.036	FEMA 1604	100,841
Hazard Mitigation Grant	97.039		84,428
Total			<u>185,269</u>
Department of Commerce			
Investments for Public Works and Economic Development Facilities	11.300		<u>2,500</u>
Total expenditures of federal awards			<u><u>\$ 1,705,157</u></u>

See accompanying notes to schedule of expenditures of federal awards.

City of Moss Point, Mississippi
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2013

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, 2013. 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*.

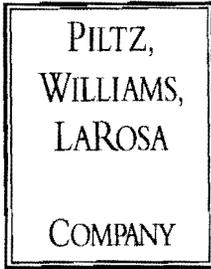
2. Contingency

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***



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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, 2013, which collectively comprise the City of Moss Point, Mississippi's basic financial statements and have issued our report thereon dated June 25, 2014. 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.

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.



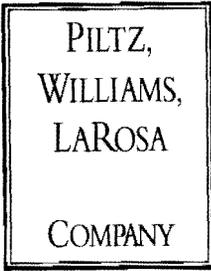
Certified Public Accountants

Biloxi, Mississippi
June 25, 2014

**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**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Moss Point, Mississippi's compliance with the types of compliance requirements described in the *OMB 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, 2013. The City of Moss Point, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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.

Auditor's Responsibility

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.

Opinion on Each Major Federal Program

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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

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

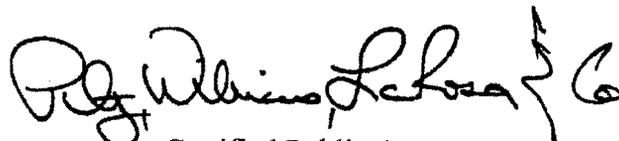
Report on Internal Control Over Compliance

Management of the City of Moss Point, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the 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
June 25, 2014

City of Moss Point, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

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:

Dept. of Transportation – Highway Planning and Construction	20.205
Community Development Block Grant	14.218
Coastal Impact Assistance Program	15.668
Equitable Sharing Program	16.922

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

City of Moss Point, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

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

Finding 13-1

Condition: The City of Moss Point does not have a comprehensive listing of all grants.

Criteria: The City of Moss Point should have a comprehensive listing of all federal grants that have been awarded to the city and should prepare the SEFA Report.

Cause: The City of Moss Point does not have centralized management of their federal grants. Each department manages the grants they are awarded.

Effect: The City of Moss Point cannot prepare the SEFA Report.

Recommendation: The City of Moss Point should review the grants awarded and compile a listing of all federal grants. The listing should include all information required on the SEFA Report. The City of Moss Point should assign someone, knowledgeable of the compliance associated with federal grants, the responsibility of grants management.

Response: The City of Moss Point agrees with the finding. The City has hired someone to administer and be responsible for reporting to the Mayor on all federal grants and compliance with these grants.

Finding 13-2

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 and maintain documentation of the review.

Response: We agree with the finding. The Community Development Director will have a check list to ensure review of GSA prior to awarding contract. A copy of review list will be maintained in the file.

City of Moss Point, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013
(Continued)

Finding 13-3

Condition: The City of Moss Point does not maintain an equipment inventory listing containing the information as required.

Criteria: An inventory listing should be maintained that is compliant with federal regulations.

Cause: The City of Moss Point did not create an inventory listing.

Effect: The City of Moss Point cannot identify inventory items purchased with federal funds. The lack of an inventory listing increase the chance of mismanaging equipment purchased with federal funds.

Recommendation: The City should review it records to identify items purchased with federal funds with a value of \$5,000 or greater. They should create a listing of the identified assets. The listing should include the data elements required by federal regulations.

Response: The City of Moss Point agrees with the finding. The City will create the list and the list will be verified on an semi-annual basis. In addition, the appropriate organization/department will be trained on the federal regulations governing the assets.

Finding 13-4

Condition: The City of Moss Point does not maintain copies of all monitoring reports and corrective action plans.

Criteria: The City of Moss Point should maintain copies of all monitoring reports and corrective action plans.

Cause: The City of Moss Point did not maintain copies of all monitoring reports and corrective action plans.

Effect: The monitoring reports and corrective action plans are not available for review and follow up.

Recommendation: The City should maintain copies of all monitoring and corrective action plans.

Response: The City of Moss Point will maintain copies of all monitoring reports and corrective action plans.

City of Moss Point, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013
(Continued)

Finding 13-5

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

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

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

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

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

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

Finding 13-6

Urban Youth Grant, CFDA 20.205

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

Criteria: Expense items should only be submitted for reimbursement once.

Cause: The grant administrator changed and the record keeping made it difficult to determine if the expense had been previously submitted.

Effect: Expense items should be reviewed and only submitted for reimbursement once.

Recommendation: Records should be maintained and a control system should be enhanced to prevent expenses from being submitted for reimbursement multiple times.

City of Moss Point, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013
(Continued)

Questioned Costs: \$12,000.00

Response: The City of Moss Point agrees to enhance its policies and procedures for the review of reimbursements on federal grant funds.

Finding 13-7

Equitable Sharing Program, CFDA 16.922

Condition: The City of Moss Point did not follow state procurement regulation when it purchased 2 used motorcycles.

Criteria: At least two quotes should be solicited before purchasing items greater than \$5,000.

Cause: Those in charge of the process are no longer with the city so a reason could not be provided.

Effect: The City of Moss Point cannot be assured that they received the best price on the purchase of the motorcycles.

Recommendation: The City of Moss Point should follow state procurement regulations.

Questioned Costs: \$17,477.00

Response: The new Director of Community Development will work more closely with the police department to ensure compliance with regulations and grant requirements.

Finding 13-8

Community Development Block Grant, CFDA 14.218

Condition: The City of Moss Point did not document their determination that 2 CDBG Entitlement projects were categorically excluded from environmental review.

Criteria: The City of Moss Point should document all environmental review categorical exclusions as per federal regulations.

Cause: Poor recordkeeping.

Effect: The City of Moss Point is not in compliance with federal regulations related to environmental reviews of CDBG projects.

Recommendation: The City of Moss Point should document all environmental categorical exclusions as per federal regulations.

Response: The new Director of Community Development has implemented procedures to ensure compliance.

Summary Schedule of Prior Audit Findings
September 30, 2012

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

Finding 12-1

Summary of prior audit finding: The City of Moss Point miscoded grant proceeds to grant expense accounts. The miscoding was not detected until it was questioned as a result of the audit.

Status: Issue resolved.

Finding 12-2

Summary of prior audit finding: The City is not able to prepare an accurate Schedule of Expenditures of Federal awards.

Status: Issue unresolved.

Finding 12-3

Community Development Block Grant, CFDA 14.228

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

Status: Issue resolved.

Finding 12-4

Community Development Block Grant, CFDA 14.228

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

Status: Issue resolved.

Finding 12-5

Community Development Block Grant, CFDA 14.228

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

Status: Issue resolved.

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**Summary Schedule of Prior Audit Findings
(Continued)**

Finding 12-6

Summary of prior audit finding: The federal reporting deadline for the City's 2010 Single Audit Reporting Package was June 30, 2011; however the City has not issued its Single Audit Reporting Package for the fiscal year ended September 30, 2010. Additionally the federal reporting deadline for the City's 2011 Single Audit Reporting Package was June 30, 2012; however the City's Single Audit Reporting Package for the fiscal year ended September 30, 2011 was not submitted until July 31, 2013.

Status: Issue unresolved.

Finding 12-7

MDOT Urban Youth Grant, CFDA 20.205
Grant No.: # STP-9999-00(915)LPA/106195

Summary of prior audit finding: The City of Moss Point does not maintain personnel activity reports, to support salaries reimbursed by federal funds, as required by federal regulations.

Status: Issue unresolved.

Finding 12-8

Community Development Block Grant, CFDA 14.228

Summary of prior audit finding: The City of Moss Point's required financial reports could not be agreed to the General Ledger.

Status: Issue resolved.

Finding 12-9

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

Status: Issue unresolved.

Finding 12-10

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

Status: Issue unresolved.

Finding 12-11

Community Development Block Grant, CFDA 14.228

Summary of prior audit finding: The City of Moss Point submitted an expense for reimbursement, related to a reimbursement grant, before the item had been paid for by the city. However, the expense was paid prior to reimbursement.

Status: Issue resolved.



CITY OF MOSS POINT

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Corrective Action Plan

SECTION 2 – Findings Relating to the Financial Statements

Finding 12-1 The City of Moss Point miscoded grant proceeds to grant expense accounts. The miscoding was not detected until it was questioned as a result of the audit.

Response: In October 2013 the corrective actions was implemented after all parties had meeting and discussed the findings. The City Accountant will review the Grant Proceeds Accounts on the General Ledger for accuracy monthly. The City Accountant will submit a printout of proceeds received to the Grant Writer and Community Development Director so that it can be reconciled with Grant Writer and Community Development Director records and affix the signature and date, on which the review occurred.

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

Finding 13-1 & Finding 12-2 The City is not able to prepare an accurate Schedule of Expenditures of Federal Awards.

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

Finding 12-3 The auditor discovered a lack of evidence of supervisory review and approval of invoices prior to payment.

Response: In October 2013 the corrective actions was implemented after all parties had meeting and discussed the findings. All invoices will come to the attention of the City Clerk to be given to the Accounts Payable Clerk for Payment. The Accounts Payable Clerk will not process invoices for payment that have not been signed and reviewed by the department head and/or Mayor. The Accounts Payable Clerk must receive a copy of all signed invoices by the Mayor before payment can be processed.

Finding 12-4 The auditor discovered a lack of evidence of supervisory review and approval of quarterly and annual reports prior to submission.

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Corrective Action Plan
(Continued)

Response: In October 2013 the corrective actions was implemented after all parties had meeting and discussed the findings. Quarterly reports related to Federal and State Grants will be reviewed by City Personnel prior to submission. The Community Development Director and Grant Writer will review for approval and obtain Mayor's signature on all quarterly reports for grants assigned to their office.

Finding 13-2 & Finding 12-5 The auditor discovered lack of evidence of City's checking the GSA Excluded Parties List System (EPLS) prior to awarding contract with two different contractors.

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

Finding 13-5 & Finding 12-6 The Federal reporting deadline for the City's 2010 Single Audit Reporting Package was June 30, 2011; however the City has not issued its Single Audit Reporting Package for fiscal year ended September 30, 2010. Additionally the federal reporting deadline for the City's 2011 Single Audit Reporting Package was June 30, 2012; however the City's Single Audit Reporting Package for the fiscal year ended September, 2011 was not submitted until July 31, 2013.

Response: In October 2013 the corrective actions was implemented after all parties had meeting and discussed the findings. The City of Moss Point will increase its oversight over its reporting process to ensure that the financial reports are submitted in a timely manner. The current Administration has take n a greater oversight over the process in order to facilitate timely completions of the Audit. Meetings have been held with all city personnel involved as well as consultants responsible for timely completion and timely submittal of the Single Audit Reporting Package. The City expects the audit reporting package for fiscal year ending September 2013 to be submitted on or before June 30, 2014.

Finding 12-7 The City of Moss Point does not maintain personnel activity reports, to support salaries reimbursed by federal funds, as required by federal regulations.

Response: In October 2013 the corrective actions was implemented after all parties had meeting and discussed the findings. At the beginning of the grant project, the grant administrator will coordinate and orientation session with all affected departments/employees to review and discuss the required documentation and paperwork for proper reporting of time earned on grant project. Personnel Activity Report documenting time and effort will be completed by personnel assigned to grants, as applicable. To ensure compliance and understanding, the activity reports will be reviewed and approved by the department head who has oversight of employees performing the work before submitting to Human Resource for processing. Human Resources will ensure compliance with all city policies, state and federal laws governing wage and labor laws before processing. Payroll will provide the grant administrator with a payroll register and applicable personnel activity reports for each affected employee/project which the grant administrator will use when requesting reimbursement from a grant. Copies of all paperwork will be maintained in the grant file. The City of Moss Point terminated the former Director for Community Development and has since hired a grant administrator to make sure that the above policies and procedures are followed to ensure that all federal guidelines are met when requesting reimbursement from grants.

Corrective Action Plan
(Continued)

Finding 12-8 The City of Moss Point's required financial reports could not be agreed to the General Ledger.

Response: In October 2013 the corrective actions was implemented after all parties had meeting and discussed the findings. The City Accountant, Community Development Director and Grant Writer will reconcile the figures on reports for accuracy before sending them in.

Finding 13-3 & Finding 12-9 The City of Moss Point does not maintain an equipment inventory listing containing the information as required.

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

Finding 13-4 & Finding 12-10 The City of Moss Point does not maintain copies of all monitoring reports and corrective action plans.

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

Finding 12-11 The City of Moss Point submitted an expense for reimbursement, related to a reimbursement grant, before the item had been paid for by the city. However, the expense was paid prior to reimbursement.

Response: In October 2013 the corrective actions was implemented after all parties had meeting and discussed the findings. The Grant Writer, Community Development Director and all appropriate department heads will ensure that all payments are made prior to any requested reimbursement in accordance with grant agreement and city processes.

Finding 13-6 The City of Moss Point submitted an expense for reimbursement that had been submitted and reimbursed in the prior year.

Response: The City of Moss Point agrees to enhance its policies and procedures for the review of reimbursements on federal grant funds.

Finding 13-7 The City of Moss Point did not follow state procurement regulation when it purchased 2 used motorcycles.

Response: The new Director of Community Development will work more closely with the police department to ensure compliance with regulations and grant requirements.

Finding 13-8 The City of Moss Point did not document their determination that 2 CDBG Entitlement projects were categorically excluded from environmental review.

Response: The new Director of Community Development has implemented procedures to ensure compliance.

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