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CITY OF MOSS POINT, MISSISSIPPI
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2016



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SEPTEMBER 30, 2016**

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INTRODUCTORY SECTION

**CITY OF MOSS POINT, MISSISSIPPI
LISTING OF CITY OFFICIALS
SEPTEMBER 30, 2016**

ELECTED OFFICIALS

Mayor	Billy Broomfield (Former) Mario King, (Current)
Alderman – Ward 1	James C. Smith (Former) Sherwood Bradford (Current)
Alderman – Ward 2	Chuck Redmond
Alderman – Ward 3	Robert H. Byrd
Alderman – Ward 4	Shirley Chambers (Former) Ennit Morris (Current)
Alderman – Ward 5	O. Linwood Grierson (Former) Floyd Downs (Current)
Alderman – Ward 6	Gary Wayne Lennep
Alderman – At Large	Houston Cunningham (Former) David Chapman (Current)

APPOINTED OFFICIALS

City Clerk	Stephanie Coleman
City Attorney	Amy St. Pé
Director of Finance	Tracy Richardson (Former) Francine Smith (Current)

INDEPENDENT AUDITORS' REPORT



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT AUDITORS' REPORT

October 12, 2017

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Moss Point's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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, 2016, 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, budgetary comparison information, and net pension liability and contributions on pages 5 through 10 and Schedules 1 through 3 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.

Supplementary and 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 on page 1 and the combining non-major governmental fund statements on pages 55 through 60 are presented for purposes of additional analysis and are not required as part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and, is also not a required part of the basic financial statements.

The combining 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 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 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 it.

In addition, the State of Mississippi requires that municipalities submit a schedule of surety bonds maintained for city personnel in compliance with § 21-17-5 of Mississippi Code of 1972. This schedule has been presented on page 61. This schedule is the responsibility of management and was derived from and relates

Honorable Mayor and Members of the
Board of Aldermen
City of Moss Point
October 12, 2017

directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of surety bonds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2017, on our consideration of the City of Moss Point'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 the City of Moss Point's internal control over financial reporting and compliance.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC
ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS



CITY OF MOSS POINT

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Introduction

The following Management's Discussion and Analysis of the City of Moss Point, Mississippi's (the "City") activities and financial performance provides an introduction to the financial statements of the City for the fiscal year ended September 30, 2016. The information contained in this Management's Discussion and Analysis has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

The components of the annual financial report include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information (RSI)

The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2016 by \$39,182,928.
- The total net position decreased by (\$356,269). Of this amount, a decrease of (\$81,461) was associated with governmental activities and a decrease of (\$274,808) was from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,715,335 a decrease of (\$6,403,290), before prior period adjustments of \$1,664,895, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was \$5,467,311 which would cover approximately six months of expenditures.

Overview of the Financial Statements

The City's basic financial statements comprise the following elements:

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.

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 position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 periods.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include capital projects, general government, public safety, public works, solid waste, urban and economic development, and culture and recreation. The business-type activities of the City are comprised of utility operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting not only to ensure and demonstrate compliance with finance-related legal requirements but also to help control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of the City can be divided into two categories:

- Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

The City maintains three major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, federal grants fund, energy efficiency program, and nonmajor funds.

- Proprietary Funds

The City maintains two proprietary funds for utility operations. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information for this fund is presented in the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Refer to Note 1 to the financial statements for more detailed information on the elements of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Government-wide Financial Analysis

Table 1 below presents the City's condensed statement of net position as of September 30, 2016 and 2015, derived from the government-wide Statement of Net Position.

Table 1: Condensed Statement of Net Position
As of September 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 14,459,872	\$ 19,518,380	\$ (2,829,919)	\$ (2,207,026)	\$ 11,629,953	\$ 17,311,354
Capital assets	40,828,936	33,094,163	25,443,727	25,229,431	66,272,663	58,323,594
Total assets	55,288,808	52,612,543	22,613,808	23,022,405	77,902,616	75,634,948
Deferred outflows for pensions	1,855,610	978,234	\$ 391,275	\$ 228,668	2,246,885	1,206,902
Long-term debt outstanding	19,595,667	19,244,164	4,252,722	4,701,187	23,848,389	23,945,351
Net pension	11,677,040	8,542,560	2,612,958	2,003,810	14,289,998	10,546,370
Other liabilities	1,445,715	567,259	710,671	714,899	2,156,386	1,282,158
Total liabilities	32,718,422	28,353,983	7,576,351	7,419,896	40,294,773	35,773,879
Deferred inflows for pensions	508,970	1,238,307	162,830	290,467	671,800	1,528,774
Net position:						
Investment in capital assets, net of related debt	24,191,392	14,082,668	21,190,897	20,581,824	45,382,289	34,664,492
Restricted	279,111	-	-	554,796	279,111	554,796
Unrestricted	(553,477)	9,915,819	(5,924,995)	(5,595,910)	(6,478,472)	4,319,909
Total net position	\$ 23,917,026	\$ 23,998,487	\$ 15,265,902	\$ 15,540,710	\$ 39,182,928	\$ 39,539,197

At September 30, 2016 and 2015, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$39,182,928 and \$39,539,197, respectively. By far, the largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire or construct those assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net positions are not available for future spending. A portion of the net position is restricted for drug seizure funds remitted to the City to be used to purchase law enforcement equipment. The remaining portion of net position is unrestricted, which can be used to finance government operations.

Total assets increased by \$2,267,668 due largely to increase in Capital Assets. Total liabilities increased by \$4,520,894 due primarily to the \$3,743,628 increase in net pension liability. Deferred outflows for pensions increased \$1,039,983 and deferred inflows for pensions decreased (\$856,974) during the current fiscal year.

Governmental activities reflect a negative fund balance in unrestricted net position of (\$553,477) at September 30, 2016. This is a (\$10,469,266) decrease from prior year's fund balance in unrestricted net position of \$9,915,819. The decrease in unrestricted net position is primarily due to decrease in revenue and increase in expenditures.

Business-type activities reflect an unrestricted net position of (\$5,924,995) at September 30, 2016, a decrease of (\$329,085) over prior year's unrestricted net position of (\$5,595,910). The decrease in unrestricted net position is primarily due to decrease in revenue and increase in expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Government-wide Financial Analysis (Continued)

Table 2 below presents the City's condensed statement of activities for the fiscal years ended September 30, 2016 and 2015, as derived from the government-wide Statement of Activities.

Table 2: Condensed Statement of Activities
For the years ended September 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 995,610	\$ 1,731,931	\$ 9,604,298	\$ 8,646,734	\$ 10,599,908	\$ 10,378,665
Operating grants	1,713,720	1,033,264	-	-	1,713,720	1,033,264
Capital grants and contributions	1,827,249	2,672,852	-	-	1,827,249	2,672,852
General revenues						
Property taxes	4,409,931	4,257,217	-	-	4,409,931	4,257,217
Sales taxes	1,794,041	1,887,236	-	-	1,794,041	1,887,236
Franchise taxes	982,448	1,004,508	-	-	982,448	1,004,508
Other taxes	1,309,317	1,374,166	8,605	48,991	1,315,922	1,423,157
Other general revenues	157,969	2,117,358	(40,666)	2,144	117,323	2,119,502
Total revenues	13,190,305	16,278,532	9,570,237	8,697,869	22,760,542	24,976,401
Expenses						
General government	4,233,036	4,670,716	-	-	4,233,036	4,670,716
Public safety	7,248,706	5,137,736	-	-	7,248,706	5,137,736
Public works	2,032,720	1,911,103	-	-	2,032,720	1,911,103
Culture and recreation	776,269	839,097	-	-	776,269	839,097
Urban & economic development	318,573	519,994	-	-	318,573	519,994
Debt service - interest	233,102	195,084	-	-	233,102	195,084
Solid waste	864,858	890,806	-	-	864,858	890,806
Water, sewer & gas	-	-	8,323,020	8,070,036	8,323,020	8,070,036
Total expenses	15,707,264	13,564,336	8,323,020	8,070,036	24,030,284	21,634,372
Increase (decrease) in net assets before transfers	(2,516,959)	2,713,996	1,247,207	627,833	(1,269,752)	3,341,829
Transfers	1,918,920	1,541,107	(1,918,920)	(1,541,107)	-	-
Net increase (decrease) in net position	(598,039)	4,255,103	(671,713)	(913,274)	(1,269,752)	3,341,829
Net position, beginning of year	23,998,467	28,812,435	15,540,710	18,581,292	39,539,197	47,393,727
Prior period adjustment	516,578	(9,069,031)	386,905	(2,127,308)	913,483	(11,196,339)
Net position, beginning - restated	24,515,065	19,743,384	15,927,615	16,453,984	40,452,680	36,197,388
Net position, end of year	\$ 23,917,026	\$ 23,998,487	\$ 15,255,902	\$ 15,540,710	\$ 39,182,928	\$ 39,539,197

Governmental Activities

Governmental activities decreased the City's net position by (\$598,039) due to decreases in revenues and increases in expenses. Due to prior period adjustments, beginning net position was restated for a total of \$516,578 to account for prior year discrepancies.

Business-type Activities

Business-type activities decreased the City's net position by (\$637,652). The key element of this decrease is an increase in transfers out of (\$377,813). Due to prior period adjustments, beginning net position was restated for a total of \$396,905 to account for prior year discrepancies.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Financial Analysis of the City's Funds

Governmental Funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$12,715,335.

General Fund

Fund balance at September 30, 2016 totaled \$8,923,040, an increase of \$2,506,347 during the fiscal year in comparison to the \$6,416,693 balance in fiscal year 2015. Significant changes in revenues and expenses in comparison to fiscal year 2015 are as follows:

- Sales and miscellaneous taxes decreased by (\$115,663) due to timing in receipts.
- Property taxes increased by \$123,825 due to timing of receipts.
- Franchise taxes decreased by (\$41,435) due to timing of receipts.
- Intergovernmental revenue (grants) decreased by (\$399,717) due to timing of grants reimbursements receipts.
- Public safety expenditures increased by \$233,152 related to salary increases.
- General government expenditures increased by \$1,017,576 loan repayments and bad debt expenses for accounts determined uncollectible.
- Capital outlay expenditures decreased by (\$1,270,710) related to new police department building construction.
- There were proceeds from long term debt of \$1,500,000 in 2016 used for new police department building construction.

Federal Grants Fund

The federal grants fund had a fund balance of (\$1,435,651) at September 30, 2016, which is an increase of \$136,426 from prior year. This is primarily due to the receipt of various smaller grants in 2016.

Energy Efficiency Program

The Energy Efficiency Program had a fund balance of \$2,237,545 at September 30, 2016, which is a decrease of (\$5,819,392) from prior year due primarily to capital asset purchases.

Proprietary Fund

The City's proprietary funds, the City Utility and the Escatawpa Utility District, reported net positions of \$11,996,164 and \$3,269,738.

Budget Variances in the General Fund

All significant differences in the original budget and the final amended budget are summarized as follows:

- \$187,300 (4%) increase in property tax revenue
- \$282,437 (9%) decrease in police department expenditures
- \$271,131 (10%) decrease in police department expenditures
- \$576,931 (53%) increase in street department expenditures.

The City ended the year with an overall variance between the budget and actual by \$517,278 due to unforeseen expenses that were not budgeted.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2016

Capital Asset and Long-Term Debt Activity

	Capital Assets at Year End (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,091,426	\$ 2,131,823	\$ 43,232	\$ 131,117	\$ 2,134,658	\$ 2,262,940
Construction in progress	20,448,931	12,080,682	1,308,532	-	21,757,463	12,080,682
Buildings	13,840,840	13,840,840	18,441,735	18,566,008	32,282,575	32,406,849
Improvements - other	2,245,610	2,245,610	-	-	2,245,610	2,245,612
Equipment	9,634,393	9,582,000	2,705,436	2,936,874	12,339,829	12,518,874
Infrastructure	13,583,359	13,056,566	51,906,450	51,906,450	65,489,809	64,963,016
Accumulated depreciation	(21,015,623)	(19,843,361)	(48,961,658)	(48,311,018)	(69,977,281)	(68,154,379)
Total	\$ 40,828,936	\$ 33,094,160	\$ 25,443,727	\$ 25,229,431	\$ 66,272,663	\$ 58,323,594

Capital Asset Activity

At September 30, 2016, the City reported \$40,828,936 in net capital assets for governmental activities and \$25,443,727 in capital assets for business-type activities. Major capital asset events during the year included the following:

- The City incurred governmental expenditures Construction in Progress of \$8,368,249 primarily related to the new police depart building construction and the energy improvement project.
- The City incurred expenditures Infrastructure of \$526,793 as a result of its Riverwalk completion.

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Long-Term Liabilities Activity

At the end of the current fiscal year, the City had \$12,115,457 in outstanding governmental debt and \$3,966,474 in outstanding proprietary debt. As noted earlier, new governmental debt totaling \$1,500,000 was issued for Capital Projects Fund. Refer to Note 6 to the financial statements for additional information on the City's long-term debt and other liabilities.

Pursuant to the provisions of Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the City of Moss Point recorded approximately \$14.3 million in pension liabilities for the defined benefit plans administered by the State of Mississippi's Public Employees' Retirement System for the fiscal year ended September 30, 2016. The \$14.3 million is the City's proportionate share of the total net pension liability of the State of Mississippi's Public Employees' Retirement System. See Note 8 to the financial statements for further information.

Economic Conditions and Outlook

The City believes that the prospects for new industries are improving.

Contact the City's Financial Management

This financial report is designed to provide a general overview of the City of City of Moss Point for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Clerk, Stephanie Coleman, at 4320 McInnis Ave, Moss Point, Mississippi, 39563.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,515,885	\$ 1,590,963	\$ 3,106,848
Receivables, net	1,715,872	1,136,347	2,852,219
Internal balances	6,172,201	(6,172,201)	-
Due from other governmental agencies	1,221,787	-	1,221,787
Inventories	-	49,359	49,359
Prepaid expenses	210,390	24,336	234,726
Restricted assets:			
Cash and cash equivalents	3,623,737	541,277	4,165,014
Capital assets			
Nondepreciable assets	22,540,357	1,351,764	23,892,121
Depreciable assets, net of depreciation	18,288,579	24,091,963	42,380,542
Total capital assets	40,828,936	25,443,727	66,272,663
Total assets	55,288,808	22,613,808	77,902,616
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pension liability	1,855,610	391,275	2,246,885
LIABILITIES			
Accounts payable	841,712	145,780	987,492
Accrued liabilities	142,942	12,240	155,182
Retainage payable	454,886	11,374	466,260
Payable from restricted assets:			
Customer deposits	6,175	541,277	547,452
Long-term liabilities:			
Due within one year			
Bonds, notes payable, and capital leases	1,313,141	390,219	1,703,360
Compensated absences	98,007	8,422	106,429
Due in more than one year			
Bonds, notes payable, and capital leases	18,022,206	3,851,237	21,873,443
Accrued interest	51,977	-	51,977
Proportionate share of collective net pension liability	11,677,040	2,612,958	14,289,998
Compensated absences	110,336	2,844	113,180
Total liabilities	32,718,422	7,576,351	40,294,773
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension liability	508,970	162,830	671,800
NET POSITION			
Invested in capital assets, net of related debt	24,191,392	21,190,897	45,382,289
Restricted for:			
Other purposes	279,111	-	279,111
Unrestricted	(553,477)	(5,924,995)	(6,478,472)
Total net position	\$ 23,917,026	\$ 15,265,902	\$ 39,182,928

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

**CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Exhibit B

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 4,233,036	\$ 87,424	\$ 664,518	\$ 1,637,702	\$ (1,843,392)	\$ -	\$ (1,843,392)
Culture and recreation	776,269	146,787	-	140,306	(489,176)	-	(489,176)
Public safety	7,248,706	761,399	456,180	49,241	(5,981,886)	-	(5,981,886)
Public works	2,032,720	-	498,267	-	(1,534,453)	-	(1,534,453)
Urban and economic development	318,573	-	94,755	-	(223,818)	-	(223,818)
Solid waste	864,858	-	-	-	(864,858)	-	(864,858)
Interest on long-term debt	233,102	-	-	-	(233,102)	-	(233,102)
Total governmental activities	<u>\$ 15,707,264</u>	<u>\$ 995,610</u>	<u>\$ 1,713,720</u>	<u>\$ 1,827,249</u>	<u>(11,170,685)</u>	<u>-</u>	<u>(11,170,685)</u>
Business-type activities							
Water and sewer	8,323,030	9,604,298	-	-	-	1,281,268	1,281,268
Total primary government	<u>\$ 24,030,294</u>	<u>\$ 10,599,908</u>	<u>\$ 1,713,720</u>	<u>\$ 1,827,249</u>	<u>(11,170,685)</u>	<u>1,281,268</u>	<u>(9,889,417)</u>
General revenues:							
Property taxes, levied for general purposes					4,409,931	-	4,409,931
Property taxes, levied for other purposes					564,587	-	564,587
Sales taxes					1,794,041	-	1,794,041
Franchise and utility taxes					982,448	-	982,448
Other taxes					744,730	6,605	751,335
Interest earnings					19,520	-	19,520
Miscellaneous					138,469	(40,666)	97,803
Transfers					1,918,920	(1,918,920)	-
Total general revenues and transfers					<u>10,572,646</u>	<u>(1,952,981)</u>	<u>8,619,665</u>
Change in net position					(598,039)	(671,713)	(1,269,752)
Net position - beginning, as previously reported					23,998,487	15,540,710	39,539,197
Prior period adjustments					516,578	396,905	913,483
Net position - beginning, as restated					<u>24,515,065</u>	<u>15,937,615</u>	<u>40,452,680</u>
Net position - ending					<u>\$ 23,917,026</u>	<u>\$ 15,265,902</u>	<u>\$ 39,182,928</u>

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	General Fund	Federal Grants Fund	Energy Efficiency Program	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ (633,300)	\$ (1,328,033)	\$ 2,422,338	\$ 4,678,617	\$ 5,139,622
Receivables, net	1,856,231	-	-	6,272	1,862,503
Due from other governments	338,960	214,301	-	668,526	1,221,787
Due from other City funds	10,216,033	-	-	1,634,172	11,850,205
Prepaid expenses	210,390	-	-	-	210,390
Total assets	<u>\$ 11,988,314</u>	<u>\$ (1,113,732)</u>	<u>\$ 2,422,338</u>	<u>\$ 6,987,587</u>	<u>\$ 20,284,507</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 540,841	\$ -	184,793	\$ 259,693	\$ 985,327
Due to other City funds	2,013,350	107,618	-	3,557,037	5,678,005
Deferred revenue	492,557	214,301	-	180,456	887,314
Compensated absences	18,526	-	-	-	18,526
Total liabilities	<u>3,065,274</u>	<u>321,919</u>	<u>184,793</u>	<u>3,997,186</u>	<u>7,569,172</u>
Fund balances:					
Nonspendable					
Prepays	210,390	-	-	-	210,390
Restricted					
Debt service	-	-	-	976,733	976,733
Other - seized assets	-	-	-	279,111	279,111
Committed					
Capital improvements	-	-	2,237,545	2,381,804	4,619,349
Other - special revenue	-	-	-	1,162,441	1,162,441
Unassigned	<u>8,712,650</u>	<u>(1,435,651)</u>	<u>-</u>	<u>(1,809,688)</u>	<u>5,467,311</u>
Total fund balances	<u>8,923,040</u>	<u>(1,435,651)</u>	<u>2,237,545</u>	<u>2,990,401</u>	<u>12,715,335</u>
Total liabilities and fund balances	<u>\$ 11,988,314</u>	<u>\$ (1,113,732)</u>	<u>\$ 2,422,338</u>	<u>\$ 6,987,587</u>	<u>\$ 20,284,507</u>

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

**CITY OF MOSS POINT, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Total fund balance, governmental funds	\$ 12,715,335
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	40,828,936
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the funds	(146,632)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
	Compensated Absences (189,817)
	Long-term Debt (19,335,347)
	Net Pension Liability (11,677,040)
	Retainage payable (454,886)
Governmental funds do not report a liability for accrued interest until it is due and payable. Accrued interest must be reported as a liability in the government-wide financial statements.	(57,477)
Unavailable revenues that provide current financial resources for governmental activities.	887,314
Deferred outflows related to pensions are not current assets or financial resources; and deferred inflows related to pensions are not due and payable in the current period and are therefore not reported in the governmental funds.	1,346,640
Net Position of Governmental Activities in the Statement of Net Position (Exhibit A)	<u>\$ 23,917,026</u>

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

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Federal Grants Fund	Energy Efficiency Program	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 4,409,931	\$ -	\$ -	\$ 564,587	\$ 4,974,518
Franchise taxes	963,072	-	-	-	963,072
Sales and miscellaneous taxes	1,838,857	-	-	261,949	2,100,806
Licenses and permits	72,027	-	-	-	72,027
Fees and fines	329,881	-	-	-	329,881
Intergovernmental	565,367	1,955,357	-	825,242	3,345,966
Charges for services	-	-	-	133,093	133,093
Investment earnings	10,556	-	2,853	6,112	19,521
Contribution in aid	35,446	-	-	69,878	105,324
Miscellaneous - other	174,058	-	-	740,905	914,963
Total revenues	<u>8,399,195</u>	<u>1,955,357</u>	<u>2,853</u>	<u>2,601,766</u>	<u>12,959,171</u>
EXPENDITURES					
Current:					
General government	3,386,826	-	-	-	3,386,826
Public safety	5,569,900	-	-	57,605	5,627,505
Public works	1,487,964	-	-	2	1,487,966
Cultural and recreation	422,169	-	-	286,109	708,278
Urban and economic development	-	-	-	255,220	255,220
Solid waste	864,858	-	-	-	864,858
Debt service:					
Principal	-	-	-	634,456	634,456
Interest and other charges	-	-	-	231,418	231,418
Capital outlay	<u>657,093</u>	<u>1,713,747</u>	<u>5,640,938</u>	<u>1,613,473</u>	<u>9,625,251</u>
Total expenditures	<u>12,388,810</u>	<u>1,713,747</u>	<u>5,640,938</u>	<u>3,078,283</u>	<u>22,821,778</u>
Excess of revenues over expenditures	<u>(3,989,615)</u>	<u>241,610</u>	<u>(5,638,085)</u>	<u>(476,517)</u>	<u>(9,862,607)</u>
OTHER FINANCING SOURCES					
Proceeds from long-term debt, net	-	-	-	1,500,000	1,500,000
Sale of assets	40,397	-	-	-	40,397
Transfers in	4,693,812	-	-	444	4,694,256
Transfers out	-	(105,184)	-	(2,670,152)	(2,775,336)
Total other financing sources and uses	<u>4,734,209</u>	<u>(105,184)</u>	<u>-</u>	<u>(1,169,708)</u>	<u>3,459,317</u>
Net change in fund balances	<u>744,594</u>	<u>136,426</u>	<u>(5,638,085)</u>	<u>(1,646,225)</u>	<u>(6,403,290)</u>
Fund balances - beginning, as previously reported	6,416,693	(1,572,077)	8,056,937	4,552,177	17,453,730
Prior period adjustments	<u>1,761,753</u>	<u>-</u>	<u>(181,307)</u>	<u>84,449</u>	<u>1,664,895</u>
Fund balances - beginning, as restated	<u>8,178,446</u>	<u>(1,572,077)</u>	<u>7,875,630</u>	<u>4,636,626</u>	<u>19,118,625</u>
Fund balances - ending	<u>\$ 8,923,040</u>	<u>\$ (1,435,651)</u>	<u>\$ 2,237,545</u>	<u>\$ 2,990,401</u>	<u>\$ 12,715,335</u>

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

**CITY OF MOSS POINT, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds: \$ (6,403,290)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures; however, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$8,867,578) exceeds depreciation (\$1,192,383) in the current period. 7,620,835

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (40,397)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 231,775

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces the liabilities in the Statement of Net Position. Proceeds from long-term debt are reported as current financial resources in governmental funds, but are treated as a liability in the Statement of Activities. This is the amount by which proceeds (\$1,500,000) exceed repayments (\$1,035,430). (464,570)

In the Statement of Activities, interest is accrued on outstanding bonds; whereas in governmental funds interest expenditures are reported when due. This is the net amount between prior and current year. (57,477)

Pension expense recorded in the Statement of Activities does not require the use of current financial resources. (1,527,767)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. 42,852

Change in net position of governmental activities (Exhibit B) \$ (598,039)

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Enterprise Funds		
	City Utility System	Escatawpa Utility District	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,119,062	\$ 471,901	\$ 1,590,963
Accounts receivable, net	857,251	279,096	1,136,347
Due from other City funds	1,358,327	812,222	2,170,549
Inventories	44,011	5,348	49,359
Prepaid expenses	24,336	-	24,336
Total current assets	3,402,987	1,568,567	4,971,554
Non-current assets:			
Restricted Assets:			
Cash and cash equivalents	377,564	163,713	541,277
Capital Assets:			
Land	43,232	-	43,232
Infrastructure	40,749,806	11,156,644	51,906,450
Utility System	13,268,692	5,173,043	18,441,735
Construction in progress	1,308,532	-	1,308,532
Machinery and equipment	1,834,412	871,024	2,705,436
Less: accumulated depreciation	(37,264,879)	(11,696,779)	(48,961,658)
Total non-current assets	20,317,359	5,667,645	25,985,004
Deferred outflows of resources			
Deferred outflows on pension liability	391,275	-	391,275
Total assets	<u>\$24,111,621</u>	<u>\$ 7,236,212</u>	<u>\$ 31,347,833</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 128,278	\$ 29,742	\$ 158,020
Due to other City funds	4,971,214	3,371,536	8,342,750
Compensated absences	8,422	-	8,422
Retainage payable	11,374	-	11,374
Bonds, capital leases, and notes payable	239,291	150,928	390,219
Payable from restricted assets:			
Customer deposits	377,564	163,713	541,277
Total current liabilities	5,736,143	3,715,919	9,452,062
Non-current liabilities:			
Bonds, capital leases, and notes payable	3,600,682	250,555	3,851,237
Proportionate share of collective net pension liability	2,612,958	-	2,612,958
Compensated absences	2,844	-	2,844
Total non-current liabilities	6,216,484	250,555	6,467,039
Deferred inflows of resources			
Deferred inflows on pension liability	162,830	-	162,830
Total liabilities	<u>12,115,457</u>	<u>3,966,474</u>	<u>16,081,931</u>
NET POSITION			
Invested in capital assets, net of related debt	16,068,912	5,121,985	21,190,897
Unrestricted	(4,072,748)	(1,852,247)	(5,924,995)
Total net position	<u>\$11,996,164</u>	<u>\$ 3,269,738</u>	<u>\$ 15,265,902</u>

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

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Enterprise Funds		
	City Utility System	Escatawpa Utility District	Total
REVENUES			
Charges for services	\$ 6,923,995	\$ 2,622,535	\$ 9,546,530
Miscellaneous	38,230	36,384	74,614
Total operating revenues	<u>6,962,225</u>	<u>2,658,919</u>	<u>9,621,144</u>
OPERATING EXPENSES			
Personal services	1,226,305	-	1,226,305
Supplies and materials	377,033	214,912	591,945
Contractual services	2,752,185	1,476,867	4,229,052
Other supplies and materials	127,310	-	127,310
Repairs and maintenance	327,346	34,774	362,120
Insurance claims and expenses	153,271	10,368	163,639
Utilities	550,136	65,704	615,840
Depreciation expense	<u>685,306</u>	<u>243,019</u>	<u>928,325</u>
Total operating expenses	<u>6,198,892</u>	<u>2,045,644</u>	<u>8,244,536</u>
Operating Income	<u>763,333</u>	<u>613,275</u>	<u>1,376,608</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest expense	<u>(56,479)</u>	<u>(22,010)</u>	<u>(78,489)</u>
Total non-operating revenue (expenses)	<u>(56,479)</u>	<u>(22,010)</u>	<u>(78,489)</u>
INCOME BEFORE TRANSFERS AND SPECIAL ITEM	706,854	591,265	1,298,119
Transfers in	849,693	-	849,693
Transfers out	(2,183,383)	(585,231)	(2,768,614)
Special item - gain (loss) on sale of land	<u>-</u>	<u>(50,911)</u>	<u>(50,911)</u>
CHANGE IN NET POSITION	<u>(626,836)</u>	<u>(44,877)</u>	<u>(671,713)</u>
TOTAL NET POSITION - BEGINNING, as previously reported	12,202,329	3,338,381	15,540,710
Prior Period Adjustments	<u>420,671</u>	<u>(23,766)</u>	<u>396,905</u>
TOTAL NET POSITION - BEGINNING, as restated	<u>12,623,000</u>	<u>3,314,615</u>	<u>15,937,615</u>
TOTAL NET POSITION - ENDING	<u>\$ 11,996,164</u>	<u>\$ 3,269,738</u>	<u>\$ 15,265,902</u>

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

**CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Enterprise Funds		
	City Utility System	Escatawpa Utility District	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 7,060,078	\$ 2,696,901	\$ 9,756,979
Payments to suppliers	(4,183,004)	(1,805,431)	(5,988,435)
Payments to employees	(626,461)	(323,254)	(949,715)
Net cash provided by operating activities	<u>2,250,613</u>	<u>568,216</u>	<u>2,818,829</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from other funds	(1,333,689)	(585,231)	(1,918,920)
Net cash used in noncapital financing activities	<u>(1,333,689)</u>	<u>(585,231)</u>	<u>(1,918,920)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases and construction of capital assets	(849,693)	-	(849,693)
Proceeds from sale of capital assets	-	115,000	115,000
Principal paid on capital debt	(239,501)	(166,650)	(406,151)
Interest paid on capital debt	(56,479)	(22,010)	(78,489)
Net cash used in capital and related financing activities	<u>(1,145,673)</u>	<u>(73,660)</u>	<u>(1,219,333)</u>
Net decrease in cash and cash equivalents	(228,749)	(90,675)	(319,424)
Balances-beginning of the year	<u>1,725,375</u>	<u>726,289</u>	<u>2,451,664</u>
Balances-end of the year	<u>\$ 1,496,626</u>	<u>\$ 635,614</u>	<u>\$ 2,132,240</u>
RECONCILIATION TO STATEMENT OF NET POSITION			
Unrestricted:			
Cash and cash equivalents	\$ 1,119,062	\$ 471,901	\$ 1,590,963
Restricted:			
Cash and cash equivalents	<u>377,564</u>	<u>163,713</u>	<u>541,277</u>
	<u>\$ 1,496,626</u>	<u>\$ 635,614</u>	<u>\$ 2,132,240</u>

**CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Enterprise Funds		
	City Utility System	Escatawpa Utility District	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 763,333	\$ 613,275	\$ 1,376,608
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	685,306	243,019	928,325
Bad debt expense	-	31,191	31,191
Decrease (increase) in assets			
Accounts receivable	105,862	12,301	118,163
Due from other funds	(1,381)	-	(1,381)
Gas inventory	(32,268)	(28,415)	(60,683)
Prepaid expenses	(9,092)	4,270	(4,822)
Deferred outflows	(202,988)	40,381	(162,607)
Increase (decrease) in liabilities			
Accounts payable and accrued liabilities	(3,383)	1,295	(2,088)
Due to other funds	150,401	20,044	170,445
Compensated absences	(40,933)	(1,381)	(42,314)
Customer deposits	(8,009)	(5,510)	(13,519)
Pension liabilities and deferred inflows	843,765	(362,254)	481,511
Net cash provided by operating activities	<u>\$ 2,250,613</u>	<u>\$ 568,216</u>	<u>\$ 2,818,829</u>

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

FIDUCIARY FUND FINANCIAL STATEMENT

**CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2016**

	Tax Collector's Fund
ASSETS	
Cash and cash equivalents	\$ 81,609
Property tax receivable, net	95,241
Total assets	<u>176,850</u>
LIABILITIES	
Due to other governments	<u>176,850</u>
Total liabilities	<u>176,850</u>
NET POSITION	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Introduction

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2016.

II. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units of the City consist of oversight responsibility, special financing relationships and scope of public services. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, the City has no component units. However, see Note 10 for information describing a joint venture of the City and another governmental entity.

III. Basis of Accounting, Measurement Focus, and Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

GASB standards require that the accounts of the City be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Financial reporting standards established by GASB require that the financial statements described below be presented.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Accordingly, all of the City's current and long-term assets and liabilities, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position as of September 30. The statement of activities presents changes in net position since October 1, the beginning of the fiscal year.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

III. Basis of Accounting, Measurement Focus, and Presentation, Continued

Government-wide Financial Statements, Continued

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Shared revenues are recognized when the provider recognizes the liability to the City. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Taxes and items not properly included as program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in financial position as presented in these statements to the financial position presented in the government-wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting.

The City reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the City. This fund type is used to account for all financial resources, except those required by law or administrative action to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Federal Grants Fund - This is a special revenue fund that accounts for grant revenues that are legally restricted by the federal government for a specific purpose.

Energy Efficiency Program - This is a capital projects fund that accounts for the acquisition of capital assets or construction of energy efficiency meters that are paid through debt proceeds.

In addition to the major governmental funds listed above, the City also reports three additional fund types in this category that are considered nonmajor.

The *special revenue funds* account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including permanent funds or major capital projects). The City reports seventeen nonmajor special revenue funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not financed by other funds. The City reports sixteen nonmajor capital project funds.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

III. Basis of Accounting, Measurement Focus, and Presentation, Continued

Governmental Fund Financial Statements, Continued

The *debt service funds* account for the servicing of long-term general obligation debt and payment of related interest and agency fees. The City reports five nonmajor debt service funds.

The *fiduciary fund* accounts for and reports assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise fees, sales taxes, and licenses, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales tax collected and held by vendors at year end on behalf of the City is also recognized as revenue if collected within 30 days after year end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. In general, all other revenue items are considered to be measurable and available only when cash is received by the City.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, as appropriate, the unrestricted resources as needed.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows for each major proprietary fund. These fund types are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. The City reports two major utility funds where the intent of the governing body is that the costs of providing utility services to the general public on a continuing basis be financed or recovered through user charges:

City Utility System

Escatawpa Utility District

Operating revenue reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include personnel costs, contractual services costs, and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IV. Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. Accordingly, actual results could differ from those estimates.

V. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

The City's cash and cash equivalents are primarily considered to be cash on hand, amounts held in demand deposits, and certain money market funds. For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, if any, are considered to be cash equivalents.

The City maintains and controls a major cash pool in which the majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet as cash and cash equivalents, some of which are restricted assets.

Investments

State statutes authorize the City to invest in (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit when insured or secured by acceptable collateral, and (3) obligations of the State of Mississippi, or any county, municipality or school district of the State of Mississippi which have been approved by a reputable bond attorney or have been validated by the decree of the chancery court. Investments, if any, are recorded at cost, which approximates fair value.

Receivables

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represent the 2016 levy and prior levies still uncollected, if any.

Accounts receivable held by the City's proprietary funds are stated net of allowances for estimated uncollectibles of \$654,146 for utility services as of September 30, 2016. The allowance is based on historical collection, experience, and other relevant circumstances.

Court fines receivable is shown net of an estimated allowance for uncollectibles. The estimated uncollectible allowance amount is based on the aging of the receivables, historical collection experience and other relevant circumstances. As of September 30, 2016, the allowance for uncollectible court fines is \$9,487,801.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Equity (Continued)

Receivables (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Unbilled Services Receivable

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2016, are recorded as prepaid items. In governmental funds, reported prepaid items are equally offset by nonspendable fund balance amounts, which indicate they do not constitute "available spendable resources" even though they are a component of net current assets. The net change in nonspendable fund balances is not presented because the combined statement of revenues, expenditures, and changes in fund balances reflects the changes in total fund balances rather than just the spendable and nonspendable fund balances.

Inventories

Inventories are stated at the lower of cost or market for the proprietary funds and consist of purchased gas. Inventories are recorded as assets when purchased and charged to operations when used.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are externally imposed by creditors, contributors, grantors, or laws. Restricted assets in governmental activities represent rental deposits, seized asset funds, capital asset purchases, and bond and interest payment reserves. Restricted assets in business type activities represent utility customer deposits subject to refund. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

Capital Assets

Capital assets, which include property, plant, equipment, and current infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), net of depreciation, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City generally capitalizes assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Donated capital assets are recorded at acquisition value at the date of donation. Those assets received that will be capitalized are recorded as capital outlay in the fund statements and capital grant and contribution revenues in the statement of activities.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Equity (Continued)

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Lives</u>
Buildings	40-50 years
Improvements	40-50 years
Infrastructure	20-60 years
Machinery and equipment	5-15 years

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category related to the City's participation in the pension plan, the unamortized changes in investments actual performance, expectations, projections, and changes in plan assumptions. See Note 8.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category related to the City's participation in the pension plan and the difference between projected and actual plan investment earnings. See Note 8.

Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Equity (Continued)

Compensated Absences

The City's policy on vacation leave allows employees to accrue vacation time based on a certain schedule once that employee has had one year of continuous service for the City. There are no restrictions on when the employees are allowed to take their vacation time, except no more than 10 consecutive days may be taken without the Mayor's approval. Retiring and voluntarily terminating employees can be paid for up to 30 days of unused vacation. It is the City's policy that all unused sick leave is forfeited upon termination, retirement, or layoff. There is no liability for unpaid accumulated sick leave since sick pay is not paid upon termination of employment. Employees can accrue up to 48 hours per year in year 1, 88 hours per year in years 2-5, 128 hours per year in years 6-10, 168 hours per year in years 11-15, and 208 hours per year in year 16 and beyond. Employees may roll over all unused vacation time. All accumulated vacation is accrued when incurred in government-wide financial statements. In fund financial statements, governmental funds report the compensated absence liability payable only if the payable has matured, for example, as a result of employee resignations and retirements or use of vacation time.

The compensated absences liability was computed using the specific identification method whereby the actual number of vacation hours is multiplied by the employee's hourly rate at September 30, 2016. The resulting liability is then increased to include social security and retirement that the City is required to pay upon liquidation of the liability.

Fund Equity

As of September 30, 2016, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen (the Board). The Board is the highest level of decision making authority of the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's policy, only the Board or an official or body to which the Board delegates the authority may assign amounts for specific purposes. Currently, the Board has not delegated the authority to assign fund balances.

Unassigned – All amounts not included in other spendable classifications. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund is reported as unassigned.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Equity (Continued)

Fund Equity (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to 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 or an official or body to which the Board delegates the authority, as applicable, has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

VI. Stewardship, Compliance and Accountability

Budgetary and Budgetary Accounting

The procedures used by the City in establishing the budget are mandated by Mississippi State law. A brief summary of the City's policies for recording budgetary data in the financial statements are as follows:

1. Prior to September 1, the Mayor submits to the Board a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. No later than September 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the governmental funds. The Board may amend the budget during the fiscal year, by resolution, to reallocate resources.
5. Budgets for the governmental funds are adopted on a cash basis except for expenditures which include those paid within 30 days of the fiscal year end as required by state statute.

Budgetary – GAAP Reporting Reconciliations

Budgetary comparison information is required to be presented for the general fund and each major special revenue fund, if any, with a legally adopted budget. The City adopts annual operating budgets for the general fund and all special revenue funds. Budgetary comparisons, presented in the required supplementary information section of this report, are on the budgetary basis. Certain adjustments are necessary to compare actual data on a GAAP versus budget basis. These reconciling adjustments can be found in the Budgetary Comparison Schedule.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

VI. Stewardship, Compliance and Accountability (Continued)

Deficit Fund Balances

The following nonmajor governmental funds have reported deficit fund balances as of September 30, 2016:

Fund	Fund Deficit
Tidelands Grant Fund	\$ 54,502
Community Development Block Grant Fund	250,737
Moss Point Library Project Fund	1,991
Americorp Program	3,275
Federal Disaster Assistance Fund	1,138,894
Capital Improvement Fund	271,731
Hazard Mitigation Fund	83,412
EUD Sewer System Rehab., PH II	5,146

NOTE 2: CASH

The City deposits funds in financial institutions selected by the City's Board of Aldermen in accordance with Mississippi statutes. Mississippi statutes allow municipalities to select depositories on the basis of competitive bid. A summary of cash (including restricted cash) at September 30, 2016 is as follows:

	Cash on Hand	Cash Deposits	Pooled Cash Deposits	Total
Governmental Activities				
General Fund	\$ -	\$1,428,546	\$(2,061,846)	\$ (633,300)
Federal Grants Fund	-	-	(1,328,033)	(1,328,033)
Energy Efficiency Program	-	2,422,338	-	2,422,338
Other Nonmajor Gov't Funds	-	1,964,787	2,713,830	4,678,617
Total governmental activities	-	5,815,671	(676,049)	5,139,622
Business-type Activities				
Enterprise Fund				
City Utility System	400	-	1,496,226	1,496,626
Escatawpa Utility District	-	-	635,614	635,614
Total business-type activities	400	-	2,131,840	2,132,240
Fiduciary Fund	-	-	81,609	81,609
Total cash and cash equivalents	\$ 400	\$5,815,671	\$ 1,537,400	\$7,353,471

The City maintained the following restricted assets as of September 30, 2016:

Governmental Activities	
Cash and cash equivalents	
Asset seizure funds	\$ 280,080
Restricted for rental deposit refunds	6,175
Restricted for capital asset purchases	2,422,338
Restricted for bond and interest payments	915,144
Total restricted assets - governmental activities	3,623,737
Business-type Activities	
Cash and cash equivalents	
Restricted for utility customer deposits	541,277
Total restricted assets - business-type activities	541,277
Total restricted assets - government-wide	\$ 4,165,014

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 2: CASH (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. The collateral is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Miss. Code Ann. (1972), §27-105-5.

Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

At September 30, 2016, deposits (including restricted deposits) are as follows:

	Bank Balance	Carrying Amount
Cash and cash equivalents	\$ 7,690,959	\$ 7,353,471

NOTE 3: RECEIVABLES

Receivables at September 30, 2016, consist of the following:

	Governmental Activities		
	General Fund	Nonmajor Governmental Funds	Total Governmental
Property taxes	\$ 234,412	\$ 6,272	\$ 240,684
Franchise taxes	233,219	-	233,219
Court fines	10,864,184	-	10,864,184
Other	12,217	-	12,217
Total receivables, gross	11,344,032	6,272	11,350,304
Less allowance for doubtful receivables	(9,487,801)	-	(9,487,801)
Total receivables, net	\$ 1,856,231	\$ 6,272	\$ 1,862,503

	Business-type Activities		
	City Utility System	Escatawpa Utility District	Total Business- type
Utility charges	\$ 1,327,927	\$ 413,205	\$ 1,741,132
Other	3,199	46,162	49,361
Total receivables, gross	1,331,126	459,367	1,790,493
Less allowance for doubtful receivables	(473,875)	(180,271)	(654,146)
Total receivables, net	\$ 857,251	\$ 279,096	\$ 1,136,347

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 3: RECEIVABLES (Continued)

Property Taxes

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 addition, the City collects tax revenue for the library commission which is administered by a separate operating board. For the year ended September 30, 2016, the City collected \$127,729 in tax revenue for the library commission.

Restrictions associated with property tax levies vary with the statutory authority. State law limits the amount of increase in certain property taxes. 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.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue when received. Personal property taxes are recognized as revenue when received because most delinquent personal property taxes are collected by selling the property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year. The remaining amount of personal property not sold for taxes at the tax sale is recorded as delinquent taxes receivable.

The rates are expressed in terms of mills. The combined tax rate to finance general government services, including the payment of principal and interest on long-term debt and other purposes for the year ended September 30, 2016, was 54 mills or \$54.00 per \$1,000 of assessed valuation. A summary of the assessed valuations and tax levies of the City for the year ended September 30, 2016, have been provided below.

Real property	\$ 55,434,807
Personal property	12,370,812
Public utilities	13,175,952
Automobiles	11,595,149
Totals	<u>\$ 92,576,720</u>

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 3: RECEIVABLES (Continued)

Property Taxes (Continued)

The tax levies for the City for the fiscal years ended September 30, 2016, 2015, and 2014 are as follows:

	2016	2015	2014
City Funds			
General Fund	47.27	43.19	43.19
Special revenue funds:			
Library Fund	1.50	1.50	1.50
Fire Protection Fund	0.25	0.25	0.25
Advertising	0.25	0.25	0.25
General Debt Service Fund	4.88	4.88	4.88
Total City administered funds	<u>54.15</u>	<u>50.07</u>	<u>50.07</u>
School Funds			
District maintenance	53.35	57.20	57.61
School note redemption	4.89	5.12	4.21
Total School administered funds	<u>58.24</u>	<u>62.32</u>	<u>61.82</u>
Total levy	<u><u>112.39</u></u>	<u><u>112.39</u></u>	<u><u>111.89</u></u>

NOTE 4: DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2016, consists of the following:

	Governmental Activities			Total
	General Fund	Federal Grants Fund	Nonmajor Governmental Funds	
Grants	\$ 30,508	\$ 214,301	\$ 630,794	\$ 875,603
State of Mississippi, sales tax diversion	308,452	-	37,732	346,184
Total due from other governments	<u><u>\$ 338,960</u></u>	<u><u>\$ 214,301</u></u>	<u><u>\$ 668,526</u></u>	<u><u>\$ 1,221,787</u></u>

Sales Tax

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Moss Point) back to the City monthly. Sales tax revenue was \$1,794,041 for the year ended September 30, 2016. Sales tax receivable is included in due from other governments on the statement of net position and balance sheet – governmental funds and consists of taxes collected by the State for August and September 2016 and not received by the City until October and November 2016.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5: CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2016:

	Balance October 1, 2015	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2016
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,131,823	\$ -	\$ (40,397)	\$ -	\$ 2,091,426
Construction in progress	12,080,682	9,195,591	-	(827,342)	20,448,931
Total capital assets, not being depreciated	14,212,505	9,195,591	(40,397)	(827,342)	22,540,357
Capital assets, being depreciated:					
Buildings and improvements	16,086,450	-	-	-	16,086,450
Machinery and equipment	9,582,000	72,511	(20,118)	-	9,634,393
Infrastructure	13,056,566	-	-	526,793	13,583,359
Total capital assets, being depreciated	38,725,016	72,511	(20,118)	526,793	39,304,202
Less accumulated depreciation for:					
Buildings and improvements	(5,096,499)	(443,674)	-	-	(5,540,173)
Machinery and equipment	(7,835,754)	(383,897)	20,118	-	(8,199,533)
Infrastructure	(6,911,105)	(364,812)	-	-	(7,275,917)
Total accumulated depreciation	(19,843,358)	(1,192,383)	20,118	-	(21,015,623)
Total capital assets, being depreciated, net	18,881,658	(1,119,872)	-	526,793	18,288,579
Total governmental activities capital assets, net	\$33,094,163	\$8,075,719	\$ (40,397)	\$ (300,549)	\$40,828,936

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 5: CAPITAL ASSETS (Continued)

	Balance October 1, 2015	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2016
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 131,117	\$ -	\$ (87,885)	\$ -	\$ 43,232
Construction in progress	-	861,067	-	447,465	1,308,532
Total capital assets, not being depreciated	<u>131,117</u>	<u>861,067</u>	<u>(87,885)</u>	<u>447,465</u>	<u>1,351,764</u>
Capital assets, being depreciated:					
Buildings and improvements	18,566,008	-	(124,273)	-	18,441,735
Machinery and equipment	2,936,874	-	(231,438)	-	2,705,436
Infrastructure	51,906,450	-	-	-	51,906,450
Total capital assets, being depreciated	<u>73,409,332</u>	<u>-</u>	<u>(355,711)</u>	<u>-</u>	<u>73,053,621</u>
Less accumulated depreciation for:					
Buildings and improvements	(14,085,354)	(256,918)	46,246	-	(14,296,026)
Machinery and equipment	(2,476,977)	(32,471)	231,437	-	(2,278,011)
Infrastructure	(31,748,685)	(638,936)	-	-	(32,387,621)
Total accumulated depreciation	<u>(48,311,016)</u>	<u>(928,325)</u>	<u>277,683</u>	<u>-</u>	<u>(48,961,658)</u>
Total capital assets, being depreciated, net	<u>25,098,316</u>	<u>(928,325)</u>	<u>(78,028)</u>	<u>-</u>	<u>24,091,963</u>
Total business-type activities capital assets, net	<u>\$25,229,433</u>	<u>\$ (67,258)</u>	<u>\$ (165,913)</u>	<u>\$ 447,465</u>	<u>\$25,443,727</u>

Assets under capital leases include equipment that was acquired through capital leases financing with financial institutions (see Note 6 for additional information). As of September 30, 2016, these capitalized assets and the related accumulated depreciation are as follows:

Asset	Capitalized Amount	Accumulated Depreciation	Net
Governmental Activities			
Equipment and vehicles	\$ 402,221	\$ (339,045)	\$ 63,176
Business-type Activities			
Equipment	<u>365,611</u>	<u>(43,873)</u>	<u>321,738</u>
Total	<u>\$ 767,832</u>	<u>\$ (382,918)</u>	<u>\$ 384,914</u>

Depreciation expense associated with the assets under capital leases in fiscal year 2016 totaled \$5,124, \$18,650, and \$14,624 and is included in the statement of activities as public safety, public works, and water and sewer expenses, respectively.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 5: CAPITAL ASSETS (Continued)

Depreciation expense was charged to the following governmental functions:

Governmental Activities	
General government	<u>\$ 1,192,383</u>
Business-type Activities	
City utility system	685,306
Escatawpa utility district	<u>243,019</u>
Total business-type activities depreciation expense	<u>928,325</u>
Total depreciation expense	<u><u>\$ 2,120,708</u></u>

NOTE 6: LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended September 30, 2016 are as follows:

	Balance October 1, 2015	Additions	Principal Payments/ Reductions	Balance September 30, 2016	Due within One Year
Governmental Activities					
General obligation bonds	\$ 5,125,000	\$ -	\$ (325,000)	\$ 4,800,000	\$ 340,000
Notes payable	13,554,500	1,500,000	(651,800)	14,402,700	913,825
Capital lease payable	191,276	-	(58,629)	132,647	59,316
Net pension liability	8,542,560	3,134,480	-	11,677,040	-
Compensated absences	232,669	57,935	(82,261)	208,343	98,007
Total governmental activities	<u>\$27,646,005</u>	<u>\$4,692,415</u>	<u>\$(1,117,690)</u>	<u>\$ 31,220,730</u>	<u>\$ 1,411,148</u>
Business-type Activities					
Water and sewer	\$ 3,348,209	\$ -	\$ (309,344)	\$ 3,038,865	\$ 295,340
Drinking water loan	997,785	-	(64,342)	933,443	61,041
Capital lease payable	301,613	-	(32,465)	269,148	33,838
Net pension liability	2,003,810	609,148	-	2,612,958	-
Compensated absences	53,580	-	(42,314)	11,266	8,422
Total business-type activities	<u>\$ 6,704,997</u>	<u>\$ 609,148</u>	<u>\$ (448,465)</u>	<u>\$ 6,865,680</u>	<u>\$ 398,641</u>

For the year ended September 30, 2016, interest incurred and charged to expense totaled \$233,102 in the governmental activities and \$78,489 in the business-type activities. No interest was capitalized.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6: LONG-TERM LIABILITIES (Continued)

Bonds Payable

The City is responsible for the repayment of specific General Obligations Bonds of the State of Mississippi relative to the City's capital projects. The bonds are backed by the full faith and credit of the State of Mississippi, but are being retired from the resources of the City and are presented as debt of the City. At September 30, 2016, the City had the following outstanding bonds payable:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance September 30, 2016</u>
Governmental Activities:					
General obligation bonds:					
Street Improvement 1998	8/1/1998	8/1/2018	6.0% - 4.75%	\$ 1,500,000	\$ 225,000
Public Improvement 2010	6/23/2010	6/1/2030	2.0% - 3.25%	3,000,000	2,305,000
Capital Improvement 2013	5/30/2013	5/1/2033	2.60%	2,565,000	2,270,000
Total governmental activities				<u>\$ 7,065,000</u>	<u>\$ 4,800,000</u>

The City's future principal and interest requirements related to the bonds payable are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 340,000	\$ 167,924	\$ 507,924
2018	350,000	155,306	505,306
2019	245,000	139,244	384,244
2020	255,000	134,325	389,325
2021	260,000	125,913	385,913
2022-2026	1,465,000	487,450	1,952,450
2027-2031	1,555,000	199,763	1,754,763
2032-2036	330,000	13,406	343,406
	<u>\$ 4,800,000</u>	<u>\$ 1,423,331</u>	<u>\$ 6,223,331</u>

Interest incurred on bonds payable totaled \$233,102 for the fiscal year ended September 30, 2016.

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, 2016, was 4.88 mills or \$4.88 per \$1,000 of assessed value.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6: LONG-TERM LIABILITIES (Continued)

Notes Payable

At September 30, 2016, the City's outstanding notes payable are described as follows:

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance September 30, 2016</u>
10/13/2015	10/13/2025	2.65%	\$ 1,500,000	\$ 1,378,128
4/1/2015	4/30/2030	3.35%	13,424,325	13,024,572
			<u>14,924,325</u>	<u>14,402,700</u>
9/1/1997	4/1/2017	4.50%	707,609	31,194
3/1/1998	11/1/2017	4.50%	1,165,186	101,141
3/1/2011	9/1/2030	1.75%	1,438,524	1,077,269
10/1/2011	5/1/2031	1.75%	1,292,581	1,004,839
11/1/2011	7/1/2031	1.75%	1,053,773	824,422
9/1/2010	3/1/2030	1.95%	1,280,216	933,443
			<u>6,937,889</u>	<u>3,972,308</u>
			<u>\$21,862,214</u>	<u>\$18,375,008</u>

Principal and interest maturities will be as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 913,825	\$ 464,780	\$ 356,850	\$ 69,533	\$ 1,804,988
2018	943,746	434,859	258,412	62,881	1,699,898
2019	974,653	403,952	248,061	59,256	1,685,922
2020	1,006,577	372,028	252,566	55,648	1,686,819
2021	1,039,554	339,052	257,153	51,974	1,687,733
2022-2026	5,569,214	1,163,150	1,357,550	182,502	8,272,416
2027-2031	3,955,131	269,476	1,241,716	48,928	5,515,251
	<u>\$ 14,402,700</u>	<u>\$ 3,447,297</u>	<u>\$ 3,972,308</u>	<u>\$ 530,722</u>	<u>\$ 22,353,027</u>

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6: LONG-TERM LIABILITIES (Continued)

Capital Leases

The City has entered into various lease agreements as lessee for financing the acquisition of heavy equipment and vehicles. Those lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The capital lease obligations outstanding as of September 30, 2016, are as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2016
Governmental Activities:					
Capital leases:					
Typhoon Pumper	6/30/2008	11/30/2018	4.16%	\$ 293,927	\$ 101,061
Street Sweeper	11/27/2012	11/27/2017	1.83%	130,552	31,586
Total governmental activities				<u>424,479</u>	<u>132,647</u>
Business-Type Activities:					
Capital lease:					
Ferrara Pumper	1/17/2013	11/1/2022	4.23%	365,611	269,148
Total business-type activities				<u>365,611</u>	<u>269,148</u>
Total capital leases				<u>\$ 790,090</u>	<u>\$ 401,795</u>

The following is a schedule of future minimum lease payments under capital leases and the net present value of these minimum lease payments as of September 30, 2016:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2017	\$ 59,316	\$ 4,556	\$ 33,838	\$ 11,388	\$ 109,098
2018	38,262	2,870	35,270	9,956	86,358
2019	35,069	1,459	36,763	8,464	81,755
2020	-	-	38,318	6,909	45,227
2021	-	-	39,939	5,287	45,226
2022-2026	-	-	85,020	5,433	90,453
	<u>\$ 132,647</u>	<u>\$ 8,885</u>	<u>\$ 269,148</u>	<u>\$ 47,437</u>	<u>\$ 458,117</u>

Post Office Capital Lease

On August 13, 1997, the City of Moss Point, Mississippi, through the Moss Point Urban Redevelopment Authority (Lessor), executed a twenty year lease agreement with the United States Postal Service to lease a one story building and parking area to the Postal Service. The Lessor issued an Urban Renewal Bond, Series 1997, in the principal amount of three million four hundred seventeen thousand dollars (\$3,417,000), in which the proceeds will be used for the primary purpose of constructing the building and improvements to be leased to the Postal Service. The USPS pays monthly installments on the lease, which cover both principal and interest (8.1%) on the bond, for an annual rental of \$377,589 to be made for a period of nineteen (19) years. The payments on the outstanding bond are being run through the City; however, the Post Office property and debt were both properly excluded from the City's books because the agreements were set up in the name of the Lessor. Therefore, the bond is considered to be a revenue bond and does not constitute indebtedness to the City.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 6: LONG-TERM LIABILITIES (Continued)

Post Office Capital Lease (Continued)

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. 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. In addition, the building transfers to the Postal Service at the end of the lease term and full payment of the bond. Consequently, the lease is deemed to be a capital lease, but is excluded from the City's capital leases.

Legal Debt Margin

The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the last completed assessment for taxation. However, the limitation is increases to 20% whenever a City issues bonds to repair or replace washed out or collapsed bridges on the public roads of the City.

The City's legal debt limit for general obligation bond was \$13,702,952 and the legal debt margin was \$6,178,127, at September 30, 2016.

NOTE 7: INTERFUND TRANSACTIONS

Interfund Receivables and Payables

Generally, outstanding balances between funds reported as "due to/due from other funds" include outstanding charges by one fund to another for services or goods (such as utility services) and other miscellaneous receivables/payables between funds. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/due from other funds."

Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund receivables and payables consisted of the following at September 30, 2016:

Due to	Due from					Total Due from
	Governmental Activities			Business-type Activities		
	General Fund	Federal Grants Fund	Nonmajor Funds	City Utility System	Escatawpa Utility District	
Governmental Activities:						
General	\$ -	\$ -	\$ 2,707,394	\$ 4,173,668	\$3,334,971	\$10,216,033
Nonmajor funds	781,215	107,618	740,237	5,103	-	1,634,173
Business-Type Activities:						
City Utility System	1,228,355	-	93,407	-	36,565	1,358,327
Escatawpa Utility District	3,780	-	15,999	792,443	-	812,222
Total Due To	\$ 2,013,350	\$107,618	\$ 3,557,037	\$ 4,971,214	\$ 3,371,536	\$14,020,755

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 7: INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, grant matching requirements, subsidies of various City operations and re-allocations of special revenues.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Interfund transfers between funds during the year ended September 30, 2016 consist of the following:

Transfers Out	Transfers In				Total Transfers Out
	Governmental Activities		Business-type Activities		
	General Fund	Nonmajor Funds	City Utility System	Escatawpa	
				Utility District	
Governmental Activities:					
Federal Grants Fund	\$ -	\$ -	\$ 105,184	\$ -	\$ 105,184
Nonmajor funds	1,925,199	444	744,509	-	2,670,152
Business-Type Activities:					
City Utility System	2,183,382	-	-	-	2,183,382
Escatawpa Utility District	585,231	-	-	-	585,231
Total Transfers In	\$ 4,693,812	\$ 444	\$ 849,693	\$ -	\$ 5,543,949

NOTE 8: EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

Plan Description. The City 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2016, 2015, and 2014 total \$779,256, \$840,262, and \$817,303, respectively, which equal the required contributions for each year.

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

At September 30, 2016, the City reported a liability of \$14,289,998 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was calculated based on a projection of the City's long-term share of contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was 0.081403 percent.

For the year ended September 30, 2016, the City recognized pension expense of \$2,615,120. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 344,020	\$ -
Changes in assumptions	497,761	32,774
Net difference between projected and actual earnings on pension plan investments	835,547	-
Change in proportionate share	-	476,196
Difference between employer contributions and share of contributions	11,975	-
City contributions subsequent to the measurement date	166,307	-
Totals	\$ 1,855,610	\$ 508,970

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-Type Activities		
Differences between expected and actual experience	\$ 54,566	\$ -
Changes in assumptions	175,901	5,199
Net difference between projected and actual earnings on pension plan investments	132,530	-
Change in proportionate share	-	157,631
Difference between employer contributions and share of contributions	1,899	-
City contributions subsequent to the measurement date	26,379	-
Totals	<u><u>\$ 391,275</u></u>	<u><u>\$ 162,830</u></u>

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$192,686 are recognized as a reduction to the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 330,348
2018	266,328
2019	503,421
2020	282,302
Total	<u><u>\$ 1,382,399</u></u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.75 percent, net of investment expense and inflation
Projected salary increases	3.75 - 19.00 percent, including inflation
Inflation	3.0 percent

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015. Mortality rates were based on the RP-2014 Health Annuitant Blue Collar Table projected with Scale BB to 2016, set forward one year for males.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 8: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International equity	19.00%	5.00%
Emerging markets equity	8.00%	5.45%
Fixed income	20.00%	0.25%
Real assets	10.00%	4.00%
Private equity	8.00%	6.15%
Cash	1.00%	-0.50%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be made at the current employer contribution rate (15.75 percent). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>Discount Rate</u>	<u>City's Proportionate Share of Net Pension Liability</u>
1% decrease	6.75%	\$ 18,322,981
Current discount rate	7.75%	\$ 14,289,998
1% increase	8.75%	\$ 10,943,929

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Deferred Compensation Plan

The City, through PERS, offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEE BENEFIT PLANS (Continued)

Deferred Compensation Plan (Continued)

The assets of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. The requirements of Internal Revenue Code Section 457(g) prescribes that the City does not own the amounts deferred by employees, including the related income on those amounts. Additionally, the City does not have fiduciary accountability for the plan. Accordingly, the assets and the liability for compensation deferred by plan participants, including earnings on plan assets, are not included in the City's financial statements.

Other Postemployment Benefits

Through PERS, retirees and beneficiaries have the option of maintaining health and other coverage at their own expense; the State incurs no expense for postretirement health benefits. However, since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the State has a postemployment healthcare benefit reportable under GASB Section Po50 as a single employer defined benefit healthcare plan. Effective July 1, 2007, the State implemented GASB Section Po50 prospectively, which requires reporting on an accrual basis, the liability associated with other postemployment benefits. The State does not issue a publicly available financial report on the plan. However, the required reporting is included in the State's financial statements disclosures available on the State of Mississippi's website at www.dfa.state.ms.us.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Litigation

The City is party to legal proceedings, many of which occur in the normal course of governmental operations. Although the outcome of these proceedings is not presently determinable, in the opinion of the City's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Federal Grants

In the normal course of operations and as a result of the destruction from Hurricane Katrina, the City has received grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

Operating Lease Commitment

Non-cancellable operating leases at September 30, 2016 are as follows:

In September 2014, the City entered into a lease agreement for ten copiers located in the different departments of City Hall and the police station. The lease agreement is for sixty (60) months with payments of \$1,365 per month plus any monthly maintenance and usage charges.

Total operating lease payments, including maintenance and usage charges, made during the year ended September 30, 2016 totaled \$23,760.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Operating Lease Commitment (Continued)

The future noncancelable lease obligation, not including maintenance and usage charges, of this lease at September 30, 2016 is as follows:

<u>Year Ending September 30,</u>	<u>Total</u>
2017	\$ 16,378
2018	16,378
2019	16,378
	<u>\$ 49,134</u>

Contract Commitments

The following represents significant contract commitments as of September 30, 2016:

Service Contracts

Solid Waste Collections

Currently, the City's solid waste collections are provided through a contract with Team Waste Gulf Coast, LLC (Team Waste) that was established in April 2016. In the contract, Team Waste agrees to provide, for compensation, solid waste collection to residential and small commercial units within the jurisdiction of the City. The City will provide billing and bill collection services through their water and sewage billing system. Compensation will vary from month to month; however, Team Waste will be paid for rendered services based on a beginning base count of residential units and small commercial units that will be adjusted monthly. This contract is for a 4 year period beginning May 1, 2016 and has an option for up to two additional one year terms of the contract. For the fiscal year ended September 30, 2016, the City paid \$864,858 to Team Waste for solid waste collections services.

Public Works

During the year, the City decided to contract out its public works department to a third party. The contract between the City and ClearWater Solutions, LLC (Service Provider) was established on February 16, 2016. In the contract, Clearwater Solutions agrees to manage, operate, and maintain the City's public works, water distribution, gas distribution, wastewater collections, drainage system and property maintenance within the City. Compensation for these services consists of an annual fee of \$3,028,574, or monthly payments of \$252,382, for three years with an option to renew for one year. For the fiscal year ended September 30, 2016, the City paid \$1,733,048 to the service provider for public works services.

Construction Contract Commitments

The City had \$5,079,771 in outstanding construction contract commitments with respect to unfinished capital projects as of September 30, 2016, which will be paid from existing grants and restricted funds.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 10: JOINT VENTURE

The City is a member of the Jackson County Utility Authority (Authority) which was established by an Act of the Mississippi Legislature to design and implement a plan to coordinate water and wastewater systems to ensure delivery of water and wastewater services to the citizens of Jackson County. 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. The Authority is considered to be a joint venture of all the above named primary governments. The governing board of the Authority is comprised of members appointed by the governing bodies of the primary governments named above.

In November 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, 2016, a complete copy of which is available on the Authority's website.

**Jackson County Utility Authority
Condensed Statement of Net Position**

Assets	
Current assets	\$ 4,961,364
Restricted assets	29,323,459
Noncurrent assets	146,570,377
Total assets	<u>180,855,200</u>
Deferred outflows related to pensions	<u>3,233,605</u>
Total assets and deferred outflows of resources	<u>\$ 184,088,805</u>
Liabilities and Net Position	
Current liabilities	\$ 7,274,005
Noncurrent liabilities	60,575,100
Total liabilities	<u>67,849,105</u>
Deferred inflows related to pensions	<u>32,586</u>
Total liabilities and deferred inflows related to pensions	<u>67,881,691</u>
Net position	<u>\$ 116,207,114</u>

Statement of Revenue, Expenditures, and Changes in Net Position

Operating revenues	\$ 15,458,591
Depreciation	(6,733,118)
Other operating expenses	(12,548,419)
Non-operating revenues (expenses)	<u>1,216,615</u>
Change in net position	<u>\$ (2,606,331)</u>
Beginning net position	<u>118,813,445</u>
Ending net position	<u>\$ 116,207,114</u>

During the year ended September 30, 2016, the City's pro-rata share of costs charged by the Authority was \$2,954,400.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injury; and natural disasters for which the City carries commercial insurance.

NOTE 12: PRIOR PERIOD ADJUSTMENTS

The City has recorded the following prior period adjustments in order to correct the ending balances for the year ended September 30, 2015.

Government-wide Financial Statements

The following adjustments were made to the prior year financial statements ending balances:

Governmental Activities

- Increase in cash in the general fund totaling \$222,720 which was originally shown in the fiduciary fund.
- Receivables of a total of \$513,778, net of allowance for doubtful receivables, not recorded.
- Business-type construction in progress recorded in governmental activities of \$447,465 and expenditures of \$34,391 that should be expensed.
- Payables of \$121,218 overstated.
- Final payment of note payable of \$140,718 not recorded.

Fund Financial Statements

Governmental Funds

The following adjustments were made to the prior year financial statements ending balances:

- Increase in cash in the general fund totaling \$222,720 which was originally shown in the fiduciary fund.
- Receivables of a total of \$1,502,261, net of allowance for doubtful receivables, not recorded.
- Payables of \$60,086 overstated.

Proprietary Funds

The following adjustments were made to the prior year financial statements ending balances:

- Business-type construction in progress recorded in governmental activities of \$447,465.
- Payables of \$50,563 were understated.

**CITY OF MOSS POINT, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE 12: PRIOR PERIOD ADJUSTMENTS (Continued)

The financial statements for the year ended September 30, 2016 reflect the adjustments related to the previous year. The effects of these prior period adjustments on the financial statements are as follows:

	As Previously Stated	As Restated	Effect of Correction Increase (Decrease)
Government-Wide Financial Statements			
Governmental Activities			
Statement of Net Position at September 30, 2015:			
Cash and cash equivalents	\$ 11,002,203	\$ 11,224,923	\$ 222,720
Accounts receivable, net	\$ 2,435,467	\$ 2,949,245	\$ 513,778
Land and construction in progress	\$ 14,212,505	\$ 13,730,649	\$ (481,856)
Accounts payable	\$ 719,128	\$ 597,910	\$ 121,218
Bonds, capital leases, and notes payable	\$ 19,011,495	\$ 18,870,777	\$ 140,718
Net position	\$ 23,998,487	\$ 24,515,065	\$ 516,578
Governmental Fund Financial Statements			
Statement of Net Position at September 30, 2015:			
Cash and cash equivalents	\$ 10,994,366	\$ 11,217,086	\$ 222,720
Accounts receivable, net	\$ 958,321	\$ 2,460,582	\$ 1,502,261
Accounts payable	\$ 580,067	\$ 640,153	\$ (60,086)
Fund Balance	\$ 17,453,731	\$ 19,118,626	\$ 1,664,895
Proprietary Fund Financial Statements			
Statement of Net Position at September 30, 2015:			
Capital assets, net	\$ 25,229,432	\$ 25,676,900	\$ 447,468
Accounts payable	\$ 160,106	\$ 210,669	\$ (50,563)
Net position	\$ 15,540,710	\$ 15,937,615	\$ 396,905

NOTE 13: SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through October 12, 2017, which is the date the financial statements were available to be issued. The following events were identified:

- The City has received approximately \$222,000 in grant awards from federal and state agencies and corporations.
- The City has awarded a construction contract to complete the new police department technology for the proposed amount of \$61,028.
- Effective November 1, 2017, the City entered into a contract with the Jackson County Tax Collector's Office to collect and distribute its municipal taxes.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOSS POINT, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes				
Property taxes	\$ 4,416,720	\$ 4,604,270	\$ 4,457,533	\$ (146,737)
Sales taxes	1,500,000	1,500,000	1,352,030	(147,970)
Franchise taxes	1,060,000	1,060,000	1,064,689	4,689
Miscellaneous taxes	46,900	52,000	44,816	(7,184)
Licenses and permits	76,200	76,200	75,627	(573)
Intergovernmental	647,100	647,100	489,293	(157,807)
Fines and forfeitures	533,600	403,600	293,070	(110,530)
Interest	8,000	8,000	10,556	2,556
Miscellaneous	157,300	177,320	529,222	351,902
Contribution in aid	18,700	18,700	49,927	31,227
Total revenues	<u>8,464,520</u>	<u>8,547,190</u>	<u>8,366,763</u>	<u>(180,427)</u>
EXPENDITURES				
Executive and legislative				
Personnel services	260,139	238,721	216,931	21,790
Supplies	2,000	2,000	1,922	78
Other services and charges	378,655	409,105	376,866	32,239
Total executive and legislative	<u>640,794</u>	<u>649,826</u>	<u>595,719</u>	<u>54,107</u>
Supervision and finance				
Personnel services	371,196	359,136	305,798	53,338
Supplies	7,300	6,300	9,586	(3,286)
Other services and charges	391,900	392,300	536,403	(144,103)
Capital outlay	6,500	7,000	9,401	(2,401)
Total supervision and finance	<u>776,896</u>	<u>764,736</u>	<u>861,188</u>	<u>(96,452)</u>
Police department				
Personnel services	2,701,242	2,523,005	2,202,148	320,857
Supplies	22,200	18,500	18,859	(359)
Other services and charges	508,640	417,140	447,297	(30,157)
Capital outlay	9,000	-	3,913	(3,913)
Total police department	<u>3,241,082</u>	<u>2,958,645</u>	<u>2,672,217</u>	<u>286,428</u>
Fire department				
Personnel services	2,371,839	2,096,030	1,982,682	113,348
Supplies	23,500	22,000	17,853	4,147
Other services and charges	221,750	228,000	274,367	(46,367)
Capital outlay	38,900	38,828	36,528	2,300
Total fire department	<u>2,655,989</u>	<u>2,384,858</u>	<u>2,311,430</u>	<u>73,428</u>
Judicial department				
Personnel services	195,068	204,357	173,998	30,359
Supplies	2,000	2,000	510	1,490
Other services and charges	3,400	3,100	7,510	(4,410)
Total judicial department	<u>200,468</u>	<u>209,457</u>	<u>182,018</u>	<u>27,439</u>
Inspections department				
Personnel services	206,154	205,151	194,495	10,656
Supplies	3,300	2,800	1,361	1,439
Other services and charges	147,000	144,900	48,878	96,022
Total inspections department	<u>356,454</u>	<u>352,851</u>	<u>244,734</u>	<u>108,117</u>
Street department				
Personnel services	371,303	-	154,256	(154,256)
Supplies	27,000	-	18,810	(18,810)
Other services and charges	336,900	1,346,934	871,248	475,686
Capital outlay	362,200	327,400	313,894	13,506
Total street department	<u>1,097,403</u>	<u>1,674,334</u>	<u>1,358,208</u>	<u>316,126</u>
Sanitation department				
Other services and charges	870,000	850,000	796,617	53,383
Total sanitation department	<u>870,000</u>	<u>850,000</u>	<u>796,617</u>	<u>53,383</u>

CITY OF MOSS POINT, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES, Continued				
Data processing				
Supplies	4,000	3,000	1,633	1,367
Other services and charges	77,500	77,500	80,142	(2,642)
Capital outlay	120,000	70,000	22,238	47,762
Total data processing	201,500	150,500	104,013	46,487
Safety and human resources				
Personnel services	173,578	166,377	157,773	8,604
Supplies	3,000	3,000	2,958	42
Other services and charges	23,100	23,600	26,828	(3,228)
Total safety and human resources	199,678	192,977	187,559	5,418
Parks and recreation				
Personnel services	194,842	248,308	200,622	47,686
Supplies	6,000	6,000	7,406	(1,406)
Other services and charges	88,600	82,900	93,965	(11,065)
Capital outlay	98,700	98,700	91,169	7,531
Total parks and recreation	388,142	435,908	393,162	42,746
Pelican Landing				
Supplies	3,000	3,000	1,848	1,152
Other services and charges	95,700	97,300	117,545	(20,245)
Total Pelican Landing	98,700	100,300	119,393	(19,093)
Community development				
Personnel services	132,110	137,854	152,310	(14,456)
Supplies	1,000	1,000	1,186	(186)
Other services and charges	8,750	4,250	7,209	(2,959)
Total community development	141,860	143,104	160,705	(17,601)
Maintenance department				
Personnel services	331,930	56,465	176,755	(120,290)
Supplies	8,000	-	2,763	(2,763)
Other services and charges	117,000	317,820	296,994	20,826
Total maintenance department	456,930	374,285	476,512	(102,227)
Miscellaneous				
Advertising resources				
Other services and charges	21,500	11,400	44,504	(33,104)
Contingency and development				
Other services and charges	-	-	7,697	(7,697)
Capital outlay	-	-	39,800	(39,800)
Total miscellaneous	21,500	11,400	92,001	(80,601)
Total expenditures	11,347,396	11,253,181	10,555,476	697,705
Deficiency of revenues over expenditures	(2,882,876)	(2,705,991)	(2,188,713)	517,278
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Transfers in	3,085,467	2,843,664	3,502,002	658,338
Total other financing sources (uses)	3,085,467	2,843,664	3,502,002	658,338
Net change in fund balance	202,591	137,673	1,313,289	\$ 1,175,616
Fund balance-beginning, budget basis	1,066,175	1,066,175	(2,164,907)	
Fund balance-ending, budget basis	\$ 1,268,766	\$ 1,203,848	(851,618)	
Reconciliation to GAAP basis:				
Cumulative difference between GAAP basis fund balance and budget basis fund balance at beginning of the year			8,799,918	
Change in receivables			1,391,163	
Change in due to/from other funds			136,381	
Change in prepaid expenses			133,070	
Change in accounts payable and accrued liabilities			(193,317)	
Change in deferred revenue			(492,557)	
Fund balance-ending, GAAP basis			\$ 8,923,040	

See independent auditors' report and notes to required supplementary information.

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
LAST TWO FISCAL YEARS

	2016	2015
City's proportion of the net pension liability	0.081403%	0.082194%
City's proportionate share of the net pension liability	\$ 14,289,998	\$ 12,366,422
City's covered employee payroll	\$ 4,943,825	\$ 5,507,132
City's proportionate share of the net pension liability as a percentage of covered employee payroll	289.05%	224.55%
Plan fiduciary net position as a percentage of total pension liability	57.47%	61.70%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditors' report and notes to required supplementary information.

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
LAST TWO FISCAL YEARS**

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

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditors' report and notes to required supplementary information.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016

NOTE 1: BUDGETARY DATA

The Budgetary Comparison Schedule presents comparisons of legally adopted budgets with actual data on the budgetary basis. 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 net change in fund balance for the year ended September 30, 2016 is presented at the end of the Budgetary Comparison Schedule.

NOTE 2: CHANGES IN ASSUMPTIONS – PUBLIC EMPLOYEES' RETIREMENT SYSTEM

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

NOTE 3: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 Employer contributions are developed from 2014 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset valuation method	5-year smoothed market
Price inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

OTHER SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF MOSS POINT, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Special Revenue							
	Library Fund	Fire Protection Fund	Municipalities Crime Prevention Grant Fund	Tidelands Grant Fund	Economic Development Resources Fund	1997 Law Enforcement Grant Fund	Seized Assets Fund	Federal Seized Assets Fund
ASSETS								
Cash and cash equivalents	\$ 20,172	\$ 2,071	\$ 25,485	\$ (35,936)	\$ 576,545	\$ 34	\$ 73,606	\$ 280,080
Receivable, net	1,418	237	-	-	-	-	-	-
Due from other governments	-	-	8,010	108,944	37,732	-	-	-
Due from other City funds	142	47,381	3,968	900	251,254	-	-	19,622
Total assets	<u>\$ 21,732</u>	<u>\$ 49,689</u>	<u>\$ 37,463</u>	<u>\$ 73,908</u>	<u>\$ 865,531</u>	<u>\$ 34</u>	<u>\$ 73,606</u>	<u>\$ 299,702</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 1,431	\$ -	\$ 967	\$ 2,250	\$ 8,126	\$ -	\$ 1,747	\$ 969
Due to other City funds	5,089	-	-	17,216	67,993	-	3,731	-
Deferred revenue	-	-	8,010	108,944	-	-	-	-
Total liabilities	<u>6,520</u>	<u>-</u>	<u>8,977</u>	<u>128,410</u>	<u>76,119</u>	<u>-</u>	<u>5,478</u>	<u>969</u>
Fund balances:								
Restricted								
Debt service	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	279,111
Committed								
Capital improvements	-	-	-	-	-	-	-	-
Other	15,212	49,689	28,486	-	789,412	34	68,128	19,622
Unassigned	-	-	-	(54,502)	-	-	-	-
Total fund balances	<u>15,212</u>	<u>49,689</u>	<u>28,486</u>	<u>(54,502)</u>	<u>789,412</u>	<u>34</u>	<u>68,128</u>	<u>298,733</u>
Total liabilities and fund balances	<u>\$ 21,732</u>	<u>\$ 49,689</u>	<u>\$ 37,463</u>	<u>\$ 73,908</u>	<u>\$ 865,531</u>	<u>\$ 34</u>	<u>\$ 73,606</u>	<u>\$ 299,702</u>

Special Revenue									
Emergency Shelter Grant Fund	Pelican Landing Operating Fund	Community Development Block Grant Fund	Moss Point Special Grants Fund	Moss Point Library Project Fund	Home Program Grant Fund	CDBG Disaster Supplemental Fund	Moss Point Recreation Program	Americorp Program	
\$ 110	\$ 125,949	\$ 31,068	\$ 51	\$ 79	\$ 2,482	\$ (25,774)	\$ 46,671	\$ (3,275)	
-	-	13,731	-	-	-	-	-	-	
-	41,479	5,765	52,438	-	-	500,109	-	-	
-	-	-	-	-	-	152,938	-	-	
\$ 110	\$ 167,428	\$ 50,564	\$ 52,489	\$ 79	\$ 2,482	\$ 627,273	\$ 46,671	\$ (3,275)	
\$ -	\$ 5,800	\$ 213	\$ -	\$ -	\$ -	\$ -	\$ 3,957	\$ -	
-	65,565	301,088	-	2,070	2,000	106,874	-	-	
-	-	-	-	-	-	63,502	-	-	
-	71,365	301,301	-	2,070	2,000	170,376	3,957	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	456,897	-	-	
110	96,063	-	52,489	-	482	-	42,714	-	
-	-	(250,737)	-	(1,991)	-	-	-	(3,275)	
110	96,063	(250,737)	52,489	(1,991)	482	456,897	42,714	(3,275)	
\$ 110	\$ 167,428	\$ 50,564	\$ 52,489	\$ 79	\$ 2,482	\$ 627,273	\$ 46,671	\$ (3,275)	

See independent auditors' report.

CITY OF MOSS POINT, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS, Continued
SEPTEMBER 30, 2016

	Capital Projects						
	Redevelopment Authority Fund	Natural Disaster Relief Fund	Natural Disaster Fund	Federal Disaster Assistance Fund	1996 Public Improvement Bond Fund	Post Office Project Fund	1998 Public Improvement Bond Fund
ASSETS							
Cash and cash equivalents	\$ 38,331	\$ 11,387	\$ 15,517	\$ 716,663	\$ 26,447	\$ 585,852	\$ 44,917
Receivable, net	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from other City funds	-	-	219,660	99,725	-	-	98,346
Prepaid expenses	-	-	-	-	-	-	-
Total assets	<u>\$ 38,331</u>	<u>\$ 11,387</u>	<u>\$ 235,177</u>	<u>\$ 816,388</u>	<u>\$ 26,447</u>	<u>\$ 585,852</u>	<u>\$ 143,263</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other City funds	600	-	14,100	1,955,282	-	5,573	109,890
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>600</u>	<u>-</u>	<u>14,100</u>	<u>1,955,282</u>	<u>-</u>	<u>5,573</u>	<u>109,890</u>
Fund balances:							
Restricted							
Debt service	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Committed							
Capital improvements	37,731	11,387	221,077	-	26,447	580,279	33,373
Other	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,138,894)	-	-	-
Total fund balances	<u>37,731</u>	<u>11,387</u>	<u>221,077</u>	<u>(1,138,894)</u>	<u>26,447</u>	<u>580,279</u>	<u>33,373</u>
Total liabilities and fund balances	<u>\$ 38,331</u>	<u>\$ 11,387</u>	<u>\$ 235,177</u>	<u>\$ 816,388</u>	<u>\$ 26,447</u>	<u>\$ 585,852</u>	<u>\$ 143,263</u>

Capital Projects

1998 Public Improvement Street Bond Fund	Pelican Landing Project Fund	Capital Improvement Fund	Hurricane Relief Grant	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	EUD Sewer System Rehab, PH II	Capital Projects Fund
\$ -	\$ 13,317	\$ -	\$ 2,034	\$ 100	\$ 100	\$ 100	\$ 6,651	\$ 1,182,639
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
111,561	41,908	-	10	129,020	541	51,697	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 111,561</u>	<u>\$ 55,225</u>	<u>\$ -</u>	<u>\$ 2,044</u>	<u>\$ 129,120</u>	<u>\$ 641</u>	<u>\$ 51,797</u>	<u>\$ 6,651</u>	<u>\$ 1,182,639</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,642
4,202	-	271,731	-	212,532	-	41,913	11,797	171,537
-	-	-	-	-	-	-	-	-
<u>4,202</u>	<u>-</u>	<u>271,731</u>	<u>-</u>	<u>212,532</u>	<u>-</u>	<u>41,913</u>	<u>11,797</u>	<u>343,179</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
107,359	55,225	-	2,044	-	641	9,884	-	839,460
-	-	-	-	-	-	-	-	-
-	-	(271,731)	-	(83,412)	-	-	(5,146)	-
<u>107,359</u>	<u>55,225</u>	<u>(271,731)</u>	<u>2,044</u>	<u>(83,412)</u>	<u>641</u>	<u>9,884</u>	<u>(5,146)</u>	<u>839,460</u>
<u>\$ 111,561</u>	<u>\$ 55,225</u>	<u>\$ -</u>	<u>\$ 2,044</u>	<u>\$ 129,120</u>	<u>\$ 641</u>	<u>\$ 51,797</u>	<u>\$ 6,651</u>	<u>\$ 1,182,639</u>

See independent auditors' report.

CITY OF MOSS POINT, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS, Continued
SEPTEMBER 30, 2016

	Debt Service					
	General Bond Redemption Fund	School Bond Redemption Fund	1993 Bond & Interest Redemption Fund	2010 Public Improvement Bond Fund	2013 G.O. Bond Fund	Total Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 643,696	\$ 113,504	\$ 91	\$ 92,419	\$ 65,434	\$ 4,678,617
Receivable, net	4,617	-	-	-	-	6,272
Due from other governments	-	-	-	-	-	668,526
Due from other City funds	127,030	-	-	72,460	106,327	1,634,172
Total assets	<u>\$ 775,343</u>	<u>\$ 113,504</u>	<u>\$ 91</u>	<u>\$ 164,879</u>	<u>\$ 171,761</u>	<u>\$ 6,987,587</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 62,591	\$ -	\$ 259,693
Due to other City funds	103,418	16,282	83	66,471	-	3,557,037
Deferred revenue	-	-	-	-	-	180,456
Total liabilities	<u>103,418</u>	<u>16,282</u>	<u>83</u>	<u>129,062</u>	<u>-</u>	<u>3,997,186</u>
Fund balances:						
Restricted						
Debt service	671,925	97,222	8	35,817	171,761	976,733
Other	-	-	-	-	-	279,111
Committed						
Capital improvements	-	-	-	-	-	2,381,804
Other	-	-	-	-	-	1,162,441
Unassigned	-	-	-	-	-	(1,809,688)
Total fund balances	<u>671,925</u>	<u>97,222</u>	<u>8</u>	<u>35,817</u>	<u>171,761</u>	<u>2,990,401</u>
Total liabilities and fund balances	<u>\$ 775,343</u>	<u>\$ 113,504</u>	<u>\$ 91</u>	<u>\$ 164,879</u>	<u>\$ 171,761</u>	<u>\$ 6,987,587</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, 2016

	Special Revenue							
	Library Fund	Fire Protection Fund	Municipalities Crime Prevention Grant Fund	Tidelands Grant Fund	Economic Development Resources Fund	1997 Law Enforcement Grant Fund	Seized Assets Fund	Federal Seized Assets Fund
REVENUES								
Property taxes	\$ 127,729	\$ 21,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-	261,949	-	-	-
Intergovernmental	-	-	-	31,362	450	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Contribution in aid	-	-	41,231	-	-	-	-	-
Miscellaneous - other	-	4	-	-	-	-	81,703	258,788
Total revenues	127,729	21,291	41,231	31,362	262,399	-	81,703	258,788
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	36,976	20,629
Public works	-	-	-	-	-	-	-	-
Cultural and recreation	131,170	-	-	66,497	-	-	-	-
Urban and economic development	-	-	-	-	213,702	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	43,518	72,513	19,947	-	-	14,482
Total expenditures	131,170	-	43,518	139,010	233,649	-	36,976	35,111
Excess (deficiency) of revenues over expenditures	(3,441)	21,291	(2,287)	(107,648)	28,750	-	44,727	223,677
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(21,703)	(21,500)	-	-	-	-	-	-
Total other financing sources and uses	(21,703)	(21,500)	-	-	-	-	-	-
Net change in fund balances	(25,144)	(209)	(2,287)	(107,648)	28,750	-	44,727	223,677
Fund balances - beginning, previously reported	40,356	49,898	13,382	53,146	760,662	34	23,401	54,251
Prior period adjustments	-	-	17,391	-	-	-	-	20,805
Fund balances - beginning, as restated	40,356	49,898	30,773	53,146	760,662	34	23,401	75,056
Fund balances - ending	\$ 15,212	\$ 49,689	\$ 28,486	\$ (54,502)	\$ 789,412	\$ 34	\$ 68,128	\$ 298,733

Special Revenue								
Emergency Shelter Grant Fund	Pelican Landing Operating Fund	Community Development Block Grant Fund	Moss Point Special Grants Fund	Moss Point Library Project Fund	Home Program Grant Fund	CDBG Disaster Supplemental Fund	Moss Point Recreation Program	Americorp Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	93,805	-	-	-	455,370	-	-
-	-	-	-	-	-	-	71,157	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	28,647
-	14,395	6,252	-	21	-	-	-	-
-	14,395	100,057	-	21	-	455,370	71,157	28,647
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	2	-	-	-	-	-	-
-	11,320	-	-	-	-	-	52,158	24,489
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	82,644	-	-	-	28,450	-	1,968
-	11,320	82,646	-	-	-	28,450	52,158	26,457
-	-	-	-	-	-	-	-	-
-	3,075	17,411	-	21	-	426,920	18,999	2,190
-	-	-	-	-	-	-	-	-
-	-	444	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	444	-	-	-	-	-	-
-	3,075	17,855	-	21	-	426,920	18,999	2,190
110	50,844	(268,592)	52,489	(2,012)	(518)	29,977	23,715	(5,465)
-	42,144	-	-	-	1,000	-	-	-
110	92,988	(268,592)	52,489	(2,012)	482	29,977	23,715	(5,465)
\$ 110	\$ 96,063	\$ (250,737)	\$ 52,489	\$ (1,991)	\$ 482	\$ 456,897	\$ 42,714	\$ (3,275)

See independent auditors' report.

CITY OF MOSS POINT, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Capital Projects					
	Redevelopment Authority Fund	Natural Disaster Relief Fund	Natural Disaster Fund	Federal Disaster Assistance Fund	1996 Public Improvement Bond Fund	1998 Public Improvement Bond Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and miscellaneous taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	123,580	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Contribution in aid	-	-	-	-	-	-
Miscellaneous - other	-	-	-	-	377,592	-
Total revenues	-	-	-	123,580	-	377,592
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Urban and economic development	-	-	-	-	41,518	-
Debt service:						
Principal	-	-	-	-	309,456	-
Interest and other charges	-	-	-	-	43,593	-
Capital outlay	-	-	32,824	-	-	-
Total expenditures	-	-	32,824	-	394,567	-
Excess (deficiency) of revenues over expenditures	-	-	(32,824)	123,580	(16,975)	-
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt, net	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Net change in fund balances	-	-	(32,824)	123,580	(16,975)	-
Fund balances - beginning, previously reported	37,731	11,387	253,901	(1,262,474)	26,447	33,373
Prior period adjustments	-	-	-	-	-	-
Fund balances - beginning, as restated	37,731	11,387	253,901	(1,262,474)	26,447	33,373
Fund balances - ending	\$ 37,731	\$ 11,387	\$ 221,077	\$ (1,138,894)	\$ 26,447	\$ 33,373

Capital Projects

1998 Public Improvement Street Bond Fund	Pelican Landing Project Fund	Capital Improvement Fund	Hurricane Relief Grant	Hazard Mitigation Program	USRDA Self Help Grant	DEQ Gulf Region Disaster Recovery	EUD Sewer System Rehab. PH II	Capital Projects Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	61,936	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	6,112
-	-	-	-	1	-	-	-	-
-	61,936	-	-	1	-	-	-	6,112
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	475	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,247,284
-	475	-	-	-	-	-	-	1,247,284
-	61,461	-	-	1	-	-	-	(1,241,172)
-	-	-	-	-	-	-	-	1,500,000
-	(77,064)	-	-	-	-	-	-	(1,795,220)
-	(77,064)	-	-	-	-	-	-	(295,220)
-	(15,603)	-	-	1	-	-	-	(1,536,392)
107,359	70,828	(271,731)	(1,065)	(83,413)	641	9,884	(5,146)	2,375,852
-	-	-	3,109	-	-	-	-	-
107,359	70,828	(271,731)	2,044	(83,413)	641	9,884	(5,146)	2,375,852
\$ 107,359	\$ 55,225	\$ (271,731)	\$ 2,044	\$ (83,412)	\$ 641	\$ 9,884	\$ (5,146)	\$ 839,460

See independent auditors' report.

CITY OF MOSS POINT, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Debt Service					
	General Bond Redemption Fund	School Bond Redemption Fund	1993 Bond & Interest Redemption Fund	2010 Public Improvement Bond Fund	2013 G.O. Bond Fund	Total Nonmajor Governmental Funds
REVENUES						
Property taxes	\$ 415,571	\$ -	\$ -	\$ -	\$ -	\$ 564,587
Sales and miscellaneous taxes	-	-	-	-	-	261,949
Intergovernmental	120,675	-	-	-	-	825,242
Charges for services	-	-	-	-	-	133,093
Investment earnings	-	-	-	-	-	6,112
Contribution in aid	-	-	-	-	-	69,878
Miscellaneous - other	1,489	-	-	-	660	740,905
Total revenues	<u>537,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>660</u>	<u>2,601,766</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	57,605
Public works	-	-	-	-	-	2
Cultural and recreation	-	-	-	-	-	286,109
Urban and economic development	-	-	-	-	-	255,220
Debt service:						
Principal	325,000	-	-	-	-	634,456
Interest and other charges	187,825	-	-	-	-	231,418
Capital outlay	-	-	-	62,591	7,252	1,613,473
Total expenditures	<u>512,825</u>	<u>-</u>	<u>-</u>	<u>62,591</u>	<u>7,252</u>	<u>3,078,283</u>
Excess (deficiency) of revenues over expenditures	<u>24,910</u>	<u>-</u>	<u>-</u>	<u>(62,591)</u>	<u>(6,592)</u>	<u>(476,517)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt, net	-	-	-	-	-	1,500,000
Transfers in	-	-	-	-	-	444
Transfers out	(10,156)	-	-	-	(744,509)	(2,670,152)
Total other financing sources and uses	<u>(10,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,509)</u>	<u>(1,169,708)</u>
Net change in fund balances	14,754	-	-	(62,591)	(751,101)	(1,646,225)
Fund balances - beginning, previously reported	657,171	97,222	8	98,408	922,862	4,552,177
Prior period adjustments	-	-	-	-	-	84,449
Fund balances - beginning, as restated	657,171	97,222	8	98,408	922,862	4,636,626
Fund balances - ending	<u>\$ 671,925</u>	<u>\$ 97,222</u>	<u>\$ 8</u>	<u>\$ 35,817</u>	<u>\$ 171,761</u>	<u>\$ 2,990,401</u>

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
SEPTEMBER 30, 2016

Position	Surety Company	Bond Amount
Mayor	Travelers	\$50,000
Alderpersons (7)	Travelers	\$50,000
Police Chief	Travelers	\$50,000
Police Dispatchers (7)	Travelers	\$50,000
City Clerk	Travelers	\$50,000
Finance Director	Travelers	\$50,000
Deputy Clerks (3)	Travelers	\$50,000
Tax Collector	Travelers	\$50,000
Tax Clerk	Travelers	\$50,000
Building Official	Travelers	\$50,000
Code Enforcers (2)	Travelers	\$50,000
Secretary	Travelers	\$50,000
Court Clerk	Travelers	\$50,000
Administrative Assisstant	Travelers	\$50,000
Accounts Payable Clerk	Travelers	\$50,000
Accounting Clerk	Travelers	\$50,000
Records Clerk	Travelers	\$50,000
Utility Supervisors (2)	RLI Insurance Company	\$50,000
Utility Clerks (5)	Travelers	\$50,000
Recreation Superintendent	Travelers	\$50,000
Recreation Aides (2)	Travelers	\$50,000
HR Director	Travelers	\$50,000
Payroll Specialist	Travelers	\$50,000
Benefits Coordinator	Travelers	\$50,000
Program Director	Travelers	\$50,000
Pelican Landing Coordinator	Travelers	\$50,000

See independent auditors' report.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

**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***

October 12, 2017

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Moss Point, Mississippi's basic financial statements and have issued our report thereon dated October 12, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

To the Board of Alderpersons
City of Moss Point, Mississippi
Moss Point, Mississippi
October 12, 2017

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. We consider the deficiencies described as items 2016-001 through 2016-003 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as items 2016-004 through 2016-005 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Additional matters were communicated to the City of Moss Point, Mississippi, in the Recommendations to Management report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Moss Point, Mississippi's financial statements are free from 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*.

City of Moss Point, Mississippi's Response to Findings

The City of Moss Point, Mississippi's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Moss Point, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

October 12, 2017

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

Report on Compliance for the Major Federal Program

We have audited the City of Moss Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Moss Point, Mississippi's major federal program for the year ended September 30, 2016. The City of Moss Point, Mississippi's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its programs.

Auditors' Responsibility

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

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

To the Board of Alderpersons
City of Moss Point, Mississippi
Moss Point, Mississippi
October 12, 2017

Opinion on Each Major Federal Program

In our opinion, the City of Moss Point, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016.006 through 2016.008. Our opinion on the major federal program is not modified with respect to these matters.

The City of Moss Point, Mississippi's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs.

The City of Moss Point, Mississippi's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-006 and 2016-007 to be material weaknesses.

To the Honorable Mayor and Members of the
Board of Aldermen
City of Moss Point, Mississippi
October 12, 2017

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-008 to be a significant deficiency.

The City of Moss Point, Mississippi's responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs.

The City of Moss Point, Mississippi's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Alexander, Van Loon, Sloan, Levens, & Favre, PLLC
ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Grantor Federal Agency Passed - Through Agency Program Title	CFDA Number	Grant No./ Pass-Through Grantor No.	Identifying No.	Federal Expenditures
US DEPARTMENT OF COMMERCE				
Economic Development Technical Assistance Development Facilities	11.303	04-0969-06704		\$ 36,431
Total US Department of Commerce				36,431
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Office of Community Planning and Development				
Community Development Block Grant (CDBG)	14.218	B12MC280004		12,061
Community Development Block Grant (CDBG)	14.218	B13MC280004		3,825
Community Development Block Grant (CDBG)	14.218	B15MC280004		77,919
<i>Passed through Mississippi Development Authority</i> Community Development Block Grant (CDBG)	14.218	R-103-266-01-KCR		518,872
Total US Department of Housing and Urban Development				612,677
US DEPARTMENT OF THE INTERIOR				
<i>Passed through Jackson County Board of Supervisors</i> Coastal Impact Assistance Program (CIAP)	15.668	MS.30.712:F12AP00066		1,575,893
Total US Department of the Interior				1,575,893
US DEPARTMENT OF JUSTICE				
Public Safety Partnership and Community Policing Grants	16.710	2013-UM-WX-0192		40,820
Juvenile Accountability Block Grant	16.738	2015-DJ-BX-0336		15,534
<i>Passed through the State of Mississippi Department of Public Safety</i> Juvenile Accountability Block Grant	16.738	2011-JB-FX-0053		37,164
Juvenile Accountability Block Grant	16.738	2013-JB-FX-0001		8,445
				61,143
Equitable Sharing Program	16.922			258,788
Total US Department of Justice				360,751
US DEPARTMENT OF TRANSPORTATION				
National Highway Traffic Safety Administration (NHTSA)				
<i>Passed through the State of Mississippi Department of Public Safety</i> Alcohol Open Container Requirements Impaired Driving Grant				
Impaired Driving Grant	20.607	15-ST-312-1		3,632
Total US Department of Transportation				3,632

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Grantor Federal Agency Passed - Through Agency Program Title</u>	<u>CFDA Number</u>	<u>Grant No./ Pass-Through Grantor No.</u>	<u>Identifying No.</u>	<u>Federal Expenditures</u>
US ENVIRONMENTAL PROTECTION AGENCY				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	1304VT3036		223,909
Total US Environmental Protection Agency				223,909
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through State of Mississippi Department of Health</i> Healthy Homes Transformation Grant	93.753	1UEiEH001236-01		4,400
Total US Department of Health and Human Services				4,400
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
<i>Passed through State of Mississippi Commission of Volunteer Services</i> Americorp Grant	94.006	15AC175470		28,647
Total Corporation for National and Community Service				28,647
US DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through Mississippi Emergency Management Agency</i> Disaster Grants - Public Assistance/Hurricane Katrina	97.036	1604-DR-MS	PW11276 PW2820	67,661 54,615
<i>Passed through Mississippi Department of Transportation</i> Disaster Grants - Public Assistance/Hurricane Katrina	97.036	1604-DR-MS		1,305
Total Disaster Grants - Public Assistance/Hurricane Katrina				123,581
<i>Passed through State of Mississippi Emergency Management Agency</i> Hazard Mitigation Grant Program	97.039	DR-1794-0026-MS		365,456
Total US Department of Homeland Security				489,037
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 3,335,377

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

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Moss Point, Mississippi under programs of the federal government for the year ended September 30, 2016 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. The cost principles are applied based on the period of expenditures.

The City of Moss Point, Mississippi has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3- RECONCILIATION TO GRANT REVENUE

The following reconciles the total expenditures of federal awards to grant revenue recognized in the statement of revenues, expenses, and changes in net assets for the year ended September 30, 2016:

Total expenditures of federal awards	\$ 3,335,377
Less: Prior year expenditures underreported	<u>(655,538)</u>
Total adjusted expenditures of federal awards	<u><u>\$ 2,679,839</u></u>
Governmental Activities	
General government - operating grants and contributions	\$ 664,518
General government - capital grants and contributions	1,637,702
Culture and recreation - capital grants and contributions	140,306
Public safety - operating grants and contributions	456,180
Public safety - capital grants and contributions	49,241
Urban and economic development - operating grants and contributions	<u>94,755</u>
	3,042,702
Less: state grants	(129,075)
Less: state aid	(187,471)
Less: contributions	<u>(46,317)</u>
Total federal revenues	<u><u>\$ 2,679,839</u></u>

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	Unmodified
Internal Control over financial reporting:	
Material Weaknesses identified?	Yes
Significant Deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weaknesses identified?	Yes
Significant Deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditors’ report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
Programs tested as major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
15.668	Coastal Impact Assistance Program

Dollar threshold used to distinguish between type A and B Programs	\$750,000
Auditee qualified as low-risk auditee?	No

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section II – Financial Statement Findings

2016-001 Material Weakness

Condition

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

Criteria

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

Effect

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

Recommendation

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

Management's Response

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

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Section II – Financial Statement Findings (Continued)

2016-002 Material Weakness

Condition

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

Criteria

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

Effect

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

Recommendation

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

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

Management's Response

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

The Accounts Payable Clerk will receive, count, and log all cash receipts from departments. Bank deposits will be prepared and made by the Deputy City Clerk. The City Clerk will receive and open all bank statements before forwarding to the Accounting Clerk for reconciliation. The City Clerk will review bank account reconciliations and initial and date as proof of the review.

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Section II – Financial Statement Findings (Continued)

2016-003 Material Weakness

Condition

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

Criteria

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

Effect

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

Recommendation

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

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

Management's Response

Management will put the following changes in place:

- Tax collections will be turned into the accounting department daily for processing in the same manner as other departments' cash receipts..
- All complaint resolution and adjustment authorizations will be handled by the City Clerk's office.
- A sign will be posted in the Utilities and Tax department and drive through window stating that a receipt should be received for all payments and instructing payees to contact City Clerk's office if a receipt is not received.

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section II – Financial Statement Findings (Continued)

2016-004 Significant Deficiency

Condition

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

Criteria

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

Effect

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

Recommendation

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

Management's Response

Management will implement the following duties:

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

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section II – Financial Statement Findings (Continued)

2016-005 Significant Deficiency

Condition

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

Criteria

Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or dishonesty. A key control in mitigating the lack of segregation of duties over the cash disbursement function is the review of supporting documentation to ensure that the check amount agrees with the invoice amount and the verification of the propriety of the payee.

Effect

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

Recommendation

We recommend that a check signee review and reconcile all checks to supporting documentation before checks are disbursed. Review of the supporting documentation ensures that the check amount agrees with the invoice amount and verifies the propriety of the payee. We also recommend that, after the verification process is completed, the cancelled invoices be returned to the accounts payable clerk for filing and the vendors' payment checks be given to someone other than the person preparing the check (e.g., Deputy City Clerk) for disbursement or mailing.

Management's Response

The City Clerk (a check signee) will review the accounts payable checks and reconcile each check to supporting documentation and the docket before they are disbursed. All vendors' payment checks will be disbursed or mailed by the Deputy City Clerk.

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Section III – Federal Award Findings and Questioned Costs

Department of Interior

2016-006 Coastal Impact Assistance Program (CIAP) – CFDA No. 15.668; Grant No. MS.30.712:F12AP00066; Grant period: Year Ended September 30, 2016; Pass-through entity name: Jackson County Board of Supervisors

Condition

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

Criteria

Title 2, Appendix II to Part 200 of the Code of Federal Regulations specifies that a contract award must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM). In order to comply with this regulation, the Uniform Guidance stipulates that the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded from participating in the transaction. The verification may be accomplished by 1) checking the SAM maintained by the General Services Administration, 2) collecting a certification from the contractor, or 3) adding a clause or condition to the contract.

Cause:

Suspension and debarment certification was not included in the bid packet prepared by engineering firm.

Effect

Contracts could have been awarded to contractors who were suspended or debarred from performing federal contracts and thus could be required to repay award reimbursements for payments to those contractors.

Recommendation

We recommend that the City develop a checklist of required documents for construction contracts funded by federal awards. The checklist should be maintained with the bid documents to ensure that there is sufficient documentation to support adhere to the compliance requirements.

Views of Responsible Officials and Planned Corrective Actions

The City concurs with the finding and has provided a response in the Corrective Action Plan.

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section III – Federal Award Findings and Questioned Costs, Continued

Department of Interior

2016-007 Coastal Impact Assistance Program (CIAP) – CFDA No. 15.668; Grant No. MS.30.712:F12AP00066;
Grant period: Year Ended September 30, 2016; Pass-through entity name: Jackson County Board of Supervisors

Condition

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

Criteria

The Uniform Guidance requires that subrecipients of states use the same state policies and procedures used for procurements from non-federal funds. Mississippi Code Section 31-7-13 includes a requirement that for purchases over \$50,000 that must be advertised, a notification be sent to the main office of the Mississippi Procurement Technical Assistance Program on the same date as such notice is sent to the newspaper for publication.

Cause:

City personnel who administered the grant were unaware of the requirement.

Effect

Noncompliance with state policies and procedures could result in loss of funding.

Recommendation

We recommend that the City develop a checklist, which includes all federal and state requirements, to be used by personnel in charge of procurement and reviewed by management.

Views of Responsible Officials and Planned Corrective Actions

The City concurs with the finding and has provided a response in the Corrective Action Plan.

**CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section III – Federal Award Findings and Questioned Costs (Continued)

Department of Interior

2016-008 Coastal Impact Assistance Program (CIAP) – CFDA No. 15.668; Grant No. MS.30.712:F12AP00066;
Grant period: Year Ended September 30, 2016; Pass-through entity name: Jackson County Board of Supervisors

Condition

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

Criteria or Specific Requirement

Uniform Guidance requires the audit reports to be filed with the FAC within nine months after the end of the audit period (or by June 30).

Effect

The City risks losing current federal award funding and preventing eligibility for future awards.

Questioned Costs

There are no questioned costs associated with the finding.

Context

The City does not maintain records that are readily auditable and it takes a considerable amount of time for preparation by the City for the audit. The City is seeking to hire a City Accountant and is working towards having their audits prepared and submitted timely.

Cause

The City did not submit the audit reports to the FAC within nine months.

Recommendation

We recommend the City hire a qualified City Accountant and continue to work towards maintaining proper records, implementing audit recommendations, and scheduling and managing an audit in order to promote timely audit preparation and filings.

Views of Responsible Officials and Planned Corrective Actions

The City concurs with the finding and has provided a response in the Corrective Action Plan.



CITY OF MOSS POINT

4412 DENNY STREET • MOSS POINT, MISSISSIPPI 39563
OFFICE: 228-475-0300 • FAX: 228-475-6216

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS SEPTEMBER 30, 2016 (Unaudited)

U.S. Department of the Interior

FINDING 2015-001: Costal Impact Assistance Program (CIAP); CFDA #15.668

Condition: The federal reporting deadline for the City's 2010 Single Audit Reporting Package was June 30, 2011; however the City's Single Audit Reporting Package for the fiscal year ended September 30, 2010 was not submitted until April, 2016.

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.

Current Status: Issue resolved. The City of Moss Point submitted the Single Audit Reporting Package for the fiscal year ended September 30, 2010 on April 1, 2016.



CITY OF MOSS POINT

4412 DENNY STREET • MOSS POINT, MISSISSIPPI 39563
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CORRECTIVE ACTION PLAN FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SINGLE AUDIT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2016

2016-006 Coastal Impact Assistance Program (CIAP) – CFDA No. 15.668; Grant No. MS.30.712:F12AP00066; Grant period: Year Ended September 30, 2016; Pass-through entity name: Jackson County Board of Supervisors

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

Management Comments and Corrective Action Plan

- The City will develop a checklist of contractor requirements to include verification of suspension and debarment for all projects bids and RFPs. The checklist should be included as a part of the project file and signed off by the project administrator.

2016-007 Coastal Impact Assistance Program (CIAP) – CFDA No. 15.668; Grant No. MS.30.712:F12AP00066; Grant period: Year Ended September 30, 2016; Pass-through entity name: Jackson County Board of Supervisors

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

Management Comments and Corrective Action Plan

- The City Clerk will submit written notification to each department head and/or project administrator involved in grants and contracting informing each of the state requirement to submit all RFP notices to the Deputy City Clerk for publication with the Mississippi Procurement Technical Assistance Program.

2016-008 Coastal Impact Assistance Program (CIAP) – CFDA No. 15.668; Grant No. MS.30.712:F12AP00066; Grant period: Year Ended September 30, 2016; Pass-through entity name: Jackson County Board of Supervisors

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

Management Comments and Corrective Action Plan

- The City will improve its financial reporting process to ensure that audit reports can be submitted timely to the FAC no later than 9 months after fiscal year end. The City will tighten its oversight and implement internal controls in the finance department.



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH MISSISSIPPI STATE LAWS AND REGULATIONS

October 12, 2017

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

We have audited the basic financial statements of the City of Moss Point as of and for the year ended September 30, 2016 and have issued our report dated October 12, 2017. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the basic financial statements disclosed the following material instance of noncompliance with state laws and regulations. Our finding and recommendation and your response are as follows:

Finding:

The City entered into a construction contract for \$62,591 for which the Mississippi State purchasing laws were not followed. Under Miss. Code Ann § 31-7-13 purchasing laws, for all purchases over \$50,000, the agency must solicit competitive bids. In addition, for construction contracts over \$50,000, the agency is required to obtain a payment bond, performance bond, certificate of responsibility, and proof of liability insurance from construction contractors. The City did not advertise or obtain competitive bids for this project. The City also did not obtain a payment bond, performance bond, certificate of responsibility, and proof of liability insurance for this construction contract.

Management's response:

The City of Moss Point will take the necessary steps to ensure that all personnel involved in the bidding process of any projects be fully aware and adhere to state purchase laws outline in Miss. Code Ann § 31-7-13. Internal controls will be generated and maintained to assist in effective purchasing.

Honorable Mayor and Members of the
Board of Aldermen
City of Moss Point, Mississippi
October 12, 2017

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Alexander, Van Loon, Sloan, Levens, & Favre, PLLC

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