

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

*Section 7-7-211, Mississippi Code Annotated (1972)* gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**Audited Financial Statements**  
**City of Moss Point, Mississippi**  
**Fiscal Year Ended September 30, 2018**



CITY OF MOSS POINT, MISSISSIPPI  
ANNUAL FINANCIAL REPORT  
September 30, 2018  
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SECTION I  
INTRODUCTORY SECTION



CITY OF MOSS POINT, MISSISSIPPI  
Listing of City Officials as of September 30, 2018

Mayor

Mario King

Alderman – Ward 1

Sherwood Bradford

Alderman – Ward 2

Chuck Redmond

Alderman – Ward 3

Robert Bryd

Alderman – Ward 4

Ennit Morris

Alderman – Ward 5

Floyd Downs

Alderman – Ward 6

Wayne Lennep

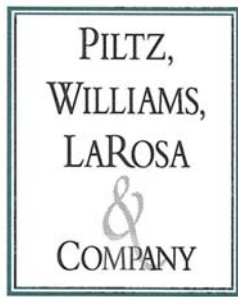
Alderman – At Large

David Chapman

SECTION II  
FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT





CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Association

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

## INDEPENDENT AUDITORS' REPORT

John D. Prentiss, CPA  
Eric B. Bland, CPA  
David C. Neumann, CPA, CBA  
Mildrey Egies-Strickland, CPA  
Elsé A. Marie, CPA  
Jordan R. Church, CPA

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

May 7, 2021

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Moss Point, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

## ***Qualified Opinions***

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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, 2018, 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.

## ***Basis for Qualified Opinions***

The City had not employed a qualified City Accountant who has a knowledge of governmental and fund accounting. While the city has employed the services of an outside accounting firm to assist with correcting the financials, there exists the potential that the financials could be misstated. It is our opinion, though, that they are materially correct after having the outside firm correct the financial records.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10, budgetary comparison information on pages 47-48 and the schedule of changes in the City's net pension and related ratios schedule on pages 49-51 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, combining and individual non-major fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In addition, the State of Mississippi requires 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 66. This schedule is the responsibility of management and was derived from and related 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moss Point, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of long term debt, and schedule of surety bonds for municipal officials and other municipal employees are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 and individual nonmajor fund financial statements, schedule of long term debt, schedule of surety bonds for municipal officials and other municipal employees, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of long term debt, schedule of surety bonds for municipal officials and other municipal employees, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021, on our consideration of the City of Moss Point, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Moss Point, Mississippi's internal control over financial reporting and compliance.

#### **Other Reporting Required by *State of Mississippi***

In accordance with the State of Mississippi, we have also issued our report dated May 7, 2021, on our consideration of the City of Moss Point's compliance with state laws and regulations. The purpose of that report is to describe the scope of our testing of internal controls over compliance with state laws and regulations and the result of that testing, and not to provide an opinion on internal controls or compliance. That report is an integral part of an audit performed in accordance with state guidelines in considering the City of Moss Point's internal control over financial reporting and compliance.



Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2018**

**Introduction**

The following Management's Discussion and Analysis of the City of Moss Point's ("the City") activities and financial performance provides an introduction to the financial statements of the City for the fiscal year ended September 30, 2018. 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. This MD&A provides comparisons with the previous year.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2018, by \$39,601,837.
- The total net position decreased by \$69,032. Of this amount a decrease of \$491,499 was associated with governmental activities and an increase of \$422,467 with business-type activities.
- Net position of the City's governmental activities decreased by nearly 5 percent, from \$9,964,393 to 9,472,894 . *Unrestricted* net position in the governmental activities shows an \$8,482,503 million deficit at the end of this year. *Unrestricted net* position reflects the component of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The \$8,482,503 million deficit in unrestricted governmental net position can largely be explained by the City's unfunded net pension liability of \$10,644,717.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,810,306, a decrease of \$1,881,314 in comparison with the prior year's fund balance of \$6,143,617, as restated.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,528,846 or 16.3% of total general fund expenditures.

**Overview of the Financial Statements**

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

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2018**

**Overview of the Financial Statements (Continued)**

*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.

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 general government, public safety, public works, economic development, and parks and recreation. The major business-type activities of the City include providing water and sewer services to the residents of the City.

*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 and proprietary funds.

- **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 two 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 and the Bond Redemption funds, which are considered major funds, and the other non-major governmental funds.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2018**

**Overview of the Financial Statements (Continued)**

- Proprietary Fund

The City maintains two types of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented in the proprietary statement of net position and the proprietary statement of revenues, expenses, and changes in net position for the Moss Point Public Utilities and the KCR Sanitary Project Fund.

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 in the financial statements for more detailed information on the elements of the financial statements.

**Government-wide Condensed Data Financial Analysis**

**Condensed Statement of Net Position**  
**September 30, 2018 and 2017**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2018	2017*	2018	2017*	2018	2017
<b>Assets</b>						
Current and other assets	\$ 10,562,021	\$ 6,889,698	\$ 381,576	\$ (1,519,044)	\$ 10,943,597	\$ 5,370,654
Noncurrent assets	33,703,384	34,174,106	34,746,781	35,666,280	68,450,165	69,840,386
Total assets	<u>44,265,405</u>	<u>41,063,804</u>	<u>35,128,357</u>	<u>34,147,236</u>	<u>79,393,762</u>	<u>75,211,040</u>
<b>Deferred Outflows</b>						
Deferred amount on pensions	296,124	767,777	9,159	23,746	305,283	791,523
Total deferred outflows	<u>296,124</u>	<u>767,777</u>	<u>9,159</u>	<u>23,746</u>	<u>305,283</u>	<u>791,523</u>
<b>Liabilities</b>						
Current liabilities	2,714,728	3,234,483	1,522,209	694,131	4,236,937	3,928,614
Noncurrent liabilities	26,354,374	28,161,545	3,434,706	3,720,528	29,789,080	31,882,073
Total liabilities	<u>29,069,102</u>	<u>31,396,028</u>	<u>4,956,915</u>	<u>4,414,659</u>	<u>34,026,017</u>	<u>35,810,687</u>
<b>Deferred Inflows</b>						
Deferred property tax revenue	4,349,252	-	-	-	4,349,252	-
Deferred amount on pensions	1,670,281	471,160	51,658	49,847	1,721,939	521,007
Total deferred inflows	<u>6,019,533</u>	<u>471,160</u>	<u>51,658</u>	<u>49,847</u>	<u>6,071,191</u>	<u>521,007</u>
<b>Net position</b>						
Net investment in capital assets	16,049,576	15,745,140	31,391,504	32,050,823	47,441,080	47,795,963
Restricted	1,905,821	-	-	-	1,905,821	-
Unrestricted	(8,482,503)	(5,780,747)	(1,262,561)	(2,344,347)	(9,745,064)	(8,125,094)
Total net position	<u>\$ 9,472,894</u>	<u>\$ 9,964,393</u>	<u>\$ 30,128,943</u>	<u>\$ 29,706,476</u>	<u>\$ 39,601,837</u>	<u>\$ 39,670,869</u>

\* restated

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2018**

**Government-wide Condensed Data Financial Analysis (Continued)**

At September 30, 2018 and 2017 the City's assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$37,696,016, and \$39,771,498 respectively. The largest portion of the City's total net position reflects its net investment in capital assets, less any related debt used to acquire or construct those assets. That amount decreased in 2018 by \$354,883 to \$47,441,080. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The negative balance of \$9,745,064 in the unrestricted net position is less than what is needed to meet ongoing obligations to citizens and creditors; in addition, internally imposed designations of certain resources further limit the purposes for which unrestricted net position can be used.

**Condensed Statement of Net Position**  
**For the Years Ended September 30, 2018 and 2017**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2018	2017	2018	2017*	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 432,408	\$ 411,719	\$ 9,306,452	\$ 12,010,203	\$ 9,738,860	\$ 12,421,922
Operating grants	159,733	801,326	-	-	159,733	801,326
Capital grants	1,396,650	2,164,843	321,838	-	1,718,488	2,164,843
Total program revenues	1,988,791	3,377,888	9,628,290	12,010,203	11,617,081	15,388,091
General revenues						
Property taxes	4,751,902	5,616,434	-	-	4,751,902	5,616,434
Sales taxes	2,422,079	1,949,466	-	-	2,422,079	1,949,466
Franchise taxes	972,936	818,301	-	-	972,936	818,301
Other	977,876	817,751	32,690	7,273	1,010,566	825,024
Total general revenues	9,124,793	9,201,952	32,690	7,273	9,157,483	9,209,225
Total revenues	11,113,584	12,579,840	9,660,980	12,017,476	20,774,564	24,597,316
Program expenditures						
General government	2,616,246	4,462,189	-	-	2,616,246	4,462,189
Public safety	4,668,084	364,793	-	-	4,668,084	364,793
Public works	2,016,799	3,959,816	-	-	2,016,799	3,959,816
Culture and recreation	657,738	1,976,826	-	-	657,738	1,976,826
Economic development	769,643	375,389	-	-	769,643	375,389
Solid waste	-	822,642	-	-	-	822,642
Interest	555,331	172,473	-	-	555,331	172,473
Moss Point public utilities	-	-	9,559,755	9,016,403	9,559,755	9,016,403
KCR sanitary project fund	-	-	-	-	-	-
Total program expenditures	11,283,841	12,134,128	9,559,755	9,016,403	20,843,596	21,150,531
Change in net position before transfers	(170,257)	445,712	101,225	3,001,073	(69,032)	3,446,785
Transfers	(321,242)	(11,300,800)	321,242	9,513,606	-	(1,787,194)
Change in net position	(491,499)	(10,855,088)	422,467	12,514,679	(69,032)	1,659,591
Beginning net position	13,061,938	23,917,026	27,780,581	15,265,902	40,842,519	39,182,928
Prior period adjustments	(3,097,545)	-	1,925,895	-	(1,171,650)	-
Beginning net position, restated	9,964,393	23,917,026	29,706,476	15,265,902	39,670,869	39,182,928
Ending net position	\$ 9,472,894	\$ 13,061,938	\$ 30,128,943	\$ 27,780,581	\$ 39,601,837	\$ 40,842,519



**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2018**

**Financial Analysis of the Government's Funds**

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

*Governmental Funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$4,262,303, a decrease of \$1,881,314 in comparison with the prior year. 36% or \$1,528,846 of this combined total is unassigned, while \$2,572,135 is restricted by outside sources, \$70,310 is committed by the Board of Alderman for specific purposes and \$91,012 represents prepaid assets which is not readily available (nonspendable).

- General Fund

The general fund is the chief operating fund of the City. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. At the end of 2018, the general fund's unassigned fund balance represents 16% of total general fund expenditures.

- Bond Redemption Fund

This fund is used by the City to account for funds received from ad valorem taxes to pay long-term debt issues. Monies are collected in the general fund and transferred into the bond redemption fund to use in debt and interest payments.

- Non-Major Funds

These are special revenue, capital project and debt service funds made up of various reimbursable grants and general revenues. The operating transfers into the funds totaling \$427,052 from the general fund represent the portion of the project costs that is the City's match.

*Proprietary Funds*

Moss Point Public Utilities Fund had an increase in net position totaling \$422,413 at the end of FY2018 and the Waterfront Development fund had a decrease of \$177,027 for the year resulting in a net increase in proprietary funds of \$245,386 for the year ended September 30, 2018.

**Budget Variances in the General Fund**

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2018**

**Capital Asset and Debt Obligations**

*Capital Asset Activity*

At September 30, 2018, the City reported \$33,703,884 in net capital assets for governmental activities and \$34,746,781 in capital assets for business-type activities. Additional information on the City's capital assets can be found in Note 5: Capital Assets.

**City of Moss Points's Capital Assets**  
**(net of depreciation)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2018	2017	2018	2017	2018	2017
Land and Construction in progress	\$ 2,473,950	\$ 6,969,813	\$ 365,070	\$ 42,232	\$ 2,839,020	\$ 7,012,045
Buildings and improvements	14,586,813	10,102,603	3,634,261	3,888,330	18,221,074	13,990,933
Infrastructure	15,464,956	15,780,136	30,384,966	31,339,763	45,849,922	47,119,899
Machinery and equipment	824,444	898,575	362,484	394,955	1,186,928	1,293,530
Property under capital leases	353,221	422,979	-	-	353,221	422,979
Total	<u>\$ 33,703,384</u>	<u>\$ 34,174,106</u>	<u>\$ 34,746,781</u>	<u>\$ 35,665,280</u>	<u>\$ 68,450,165</u>	<u>\$ 69,839,386</u>

*Debt Obligations*

At the end of the current fiscal year, the City had \$20,352,430 outstanding debt obligations excluding compensated absences and net pension liability. Additional information on the City long-term debt can be found in Note 6: Long-Term Debt.

**City of Moss Point's Debt Obligations**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2018	2017*	2018	2017*	2018	2017*
General Obligation Bond	\$ 2,060,000	\$ 2,280,000	\$ -	\$ -	\$ 2,060,000	\$ 2,280,000
Special Obligation Bond	2,050,000	2,180,000	-	-	2,050,000	2,180,000
Notes Payable	12,639,810	13,636,260	3,355,277	3,615,457	15,995,087	17,251,717
Leases Payable	247,343	332,706	-	-	247,343	332,706
Total	<u>\$ 16,997,153</u>	<u>\$ 18,428,966</u>	<u>\$ 3,355,277</u>	<u>\$ 3,615,457</u>	<u>\$ 20,352,430</u>	<u>\$ 22,044,423</u>

\*restated

**Contact the City's Financial Management**

Questions about this report or requests for additional financial information may be addressed to:

Tricia L. Thigpen, City Clerk  
City of Moss Point, Mississippi  
P.O. Box 6519  
Moss Point, MS 39540

## BASIC FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Net Position**  
**September 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,817,545	\$ -	\$ 2,817,545
Receivables			
Taxes receivable	4,682,883	-	4,682,883
Intergovernmental receivables	673,858	-	673,858
Accounts receivable, net of allowances for uncollectible	778,123	1,836,501	2,614,624
Prepaid items	91,012	-	91,012
Inventory	-	63,675	63,675
Interfund	1,518,600	(1,518,600)	-
Total current assets	10,562,021	381,576	10,943,597
Capital assets:			-
Non-depreciable	2,473,950	365,070	2,839,020
Depreciable, net of accumulated depreciation	31,229,434	34,381,711	65,611,145
Total capital assets	33,703,384	34,746,781	68,450,165
Total assets	44,265,405	35,128,357	79,393,762
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on pension	296,124	9,159	305,283
Total deferred outflows of resources	296,124	9,159	305,283
<b>LIABILITIES</b>			
Current liabilities:			
Cash overdraft - pooled cash	-	663,279	663,279
Accounts payable	910,806	8,268	919,074
Accrued wages payable and other liabilities	261,537	820	262,357
Accrued interest	48,937	-	48,937
Unearned revenue	-	18,295	18,295
Long-term liabilities (due within one year)			
Bonds payable	245,000	-	245,000
Notes payable	1,041,740	249,789	1,291,529
Capital leases payable	83,137	-	83,137
Compensated absences	123,571	-	123,571
Payable from restricted assets:			
Customer deposits	-	581,758	581,758
Total current liabilities	2,714,728	1,522,209	4,236,937
Noncurrent liabilities:			
Long-term debt:			
Bonds payable	3,865,000	-	3,865,000
Notes payable	11,598,070	3,105,488	14,703,558
Capital leases payable	164,206	-	164,206
Compensated absences	82,381	-	82,381
Net pension liability	10,644,717	329,218	10,973,935
Total noncurrent liabilities	26,354,374	3,434,706	29,789,080
Total liabilities	29,069,102	4,956,915	34,026,017
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	4,349,252	-	4,349,252
Deferred amount on pension	1,670,281	51,658	1,721,939
Total deferred inflows of resources	6,019,533	51,658	6,071,191
<b>NET POSITION</b>			
Net investment in capital assets	16,049,576	31,391,504	47,441,080
Restricted - nonspendable	91,012	-	91,012
Restricted for:			
Public safety	300,935	-	300,935
Economic development	879,935	-	879,935
Grant/bond purposes	633,939	-	633,939
Unrestricted	(8,482,503)	(1,262,561)	(9,745,064)
Total net position	\$ 9,472,894	\$ 30,128,943	\$ 39,601,837

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

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,616,246	\$ 157,339	\$ -	\$ -	\$ (2,458,907)	\$ -	\$ (2,458,907)
Public safety	4,668,084	185,181	61,565	406,023	(4,015,315)	-	(4,015,315)
Public works	2,016,799	-	-	852,814	(1,163,985)	-	(1,163,985)
Culture and recreation	657,738	81,968	98,168	137,813	(339,789)	-	(339,789)
Economic development	769,643	7,920	-	-	(761,723)	-	(761,723)
Interest and bond costs	555,331	-	-	-	(555,331)	-	(555,331)
Total governmental activities	11,283,841	432,408	159,733	1,396,650	(9,295,050)	-	(9,295,050)
<b>Business-type activities:</b>							
Moss Point Public Utility fund	9,559,755	9,306,452	-	-		(253,303)	(253,303)
KCR Sanitary Sewer Project fund	-	-	-	321,838		321,838	321,838
Total business-type activities	9,559,755	9,306,452	-	321,838		68,535	68,535
Total	\$ 20,843,596	\$ 9,738,860	\$ 159,733	\$ 1,718,488		68,535	(9,226,515)
General revenues:							
Property taxes, general purpose					4,224,848	-	4,224,848
Property taxes, special purpose					519,486	-	519,486
Property taxes, in lieu					7,568		7,568
Sales taxes					2,422,079	-	2,422,079
Franchise taxes					972,936	-	972,936
Road and bridge taxes					604,923		604,923
Grants and contributions not restricted					293,555	-	293,555
Interest earnings					12,425	-	12,425
Other					66,973	32,690	99,663
Total general revenues before transfers					9,124,793	32,690	9,157,483
Transfers					(321,242)	321,242	-
Total general revenues and transfers					8,803,551	353,932	9,157,483
Change in net position					(491,499)	422,467	(69,032)
Net position-beginning, restated					9,964,393	29,706,476	39,670,869
Net position-ending					\$ 9,472,894	\$ 30,128,943	\$ 39,601,837

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

## FUND FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Balance Sheet**  
**GOVERNMENTAL FUNDS**  
**September 30, 2018**

	<b>General Fund</b>	<b>Bond Redemption Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash	\$ 92,465	\$ 557,011	\$ 2,168,069	\$ 2,817,545
Receivables, net, where applicable:				
Property taxes	4,383,100	3,318	689	4,387,107
Franchise taxes	295,776	-	-	295,776
Intergovernmental	329,802	-	344,056	673,858
Court fines & fees	778,123	-	-	778,123
Due from other funds	1,764,704	-	2,181	1,766,885
Prepaid items	91,012	-	-	91,012
Total assets	<u>7,734,982</u>	<u>560,329</u>	<u>2,514,995</u>	<u>10,810,306</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	713,794	-	197,012	910,806
Accrued wages payable and other liabilities	261,537	-	-	261,537
Due to other funds	2,181	-	246,104	248,285
Total liabilities	<u>977,512</u>	<u>-</u>	<u>443,116</u>	<u>1,420,628</u>
Deferred inflows of resources:				
Deferred property tax revenue	4,349,252	-	-	4,349,252
Deferred court fine revenue	778,123	-	-	778,123
Total deferred inflows of resources	<u>5,127,375</u>	<u>-</u>	<u>-</u>	<u>5,127,375</u>
Fund balances:				
Nonspendable:				
Prepaid items	91,012	-	-	91,012
Committed:				
Culture and recreatoion	-	-	66,920	66,920
Economic development	-	-	3,390	3,390
Restricted for:				
Public safety	-	-	300,935	300,935
Economic development	10,237	-	879,935	890,172
Debt service		560,329	186,760	747,089
Grant/bond purposes	-	-	633,939	633,939
Unassigned	1,528,846	-	-	1,528,846
Total fund balances	<u>1,630,095</u>	<u>560,329</u>	<u>2,071,879</u>	<u>4,262,303</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,734,982</u>	<u>\$ 560,329</u>	<u>\$ 2,514,995</u>	<u>\$10,810,306</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Reconciliation of the Governmental Funds to the Statement of Net Position**  
**September 30, 2018**

Total governmental funds balance		\$ 4,262,303
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	\$ 57,629,848	
Less: accumulated depreciation	<u>(23,926,464)</u>	33,703,384

Long-term liabilities are not due and payable in the current period expenditures and, therefore, are not reported in the governmental funds:

Outstanding debt issues		(16,997,153)
Compensated absences		(205,952)
Net pension liability		(10,644,717)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds

778,123

Accrued interest is not due and payable in the current period and, therefore, is not reported in the governmental funds

(48,937)

Deferred outflows and inflows of resources related to long-term liabilities are applicable to future periods and, therefore, are not reported in the governmental funds:

Pension		(1,374,157)
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Net position of governmental activities

		<u>\$ 9,472,894</u>
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**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2018**

	<b>General Fund</b>	<b>Bond Redemption Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 4,254,058	\$ 411,221	\$ 86,623	\$ 4,751,902
Franchise taxes	972,936	-	-	972,936
Fines and fees	153,352	-	-	153,352
Licenses and permits	85,012	-	-	85,012
Intergovernmental	3,182,516	-	1,556,611	4,739,127
Charges for services	153,737	-	8,479	162,216
Interest income	7,775	-	4,650	12,425
Miscellaneous	121,995	-	82,790	204,785
Total revenues	<u>8,931,381</u>	<u>411,221</u>	<u>1,739,153</u>	<u>11,081,755</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,312,559	-	10,983	2,323,542
Public safety	4,615,494	-	88,043	4,703,537
Public works	1,218,202	-	82,839	1,301,041
Culture and recreation	503,132	-	111,452	614,584
Economic development	345,353	-	340,706	686,059
Capital outlay	216,925	-	803,329	1,020,254
Debt service:				
Principal	159,507	1,203,569	68,737	1,431,813
Interest	29,778	518,201	13,018	560,997
Total expenditures	<u>9,400,950</u>	<u>1,721,770</u>	<u>1,519,107</u>	<u>12,641,827</u>
Excess (deficiency) of revenues over expenditures	<u>(469,569)</u>	<u>(1,310,549)</u>	<u>220,046</u>	<u>(1,560,072)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,279,960	1,207,256	3,989,858	7,477,074
Transfers out	<u>(5,971,717)</u>	<u>-</u>	<u>(1,826,599)</u>	<u>(7,798,316)</u>
Total other financing sources (uses)	<u>(3,691,757)</u>	<u>1,207,256</u>	<u>2,163,259</u>	<u>(321,242)</u>
Net change in fund balances	(4,161,326)	(103,293)	2,383,305	(1,881,314)
Fund balances--beginning restated	<u>5,791,421</u>	<u>663,622</u>	<u>(311,426)</u>	<u>6,143,617</u>
Fund balances--ending	<u>\$ 1,630,095</u>	<u>\$ 560,329</u>	<u>\$ 2,071,879</u>	<u>\$ 4,262,303</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended September 30, 2018**

Net change in fund balances - total governmental funds \$ (1,881,314)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,020,254	
Depreciation	<u>(1,490,976)</u>	(470,722)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds

Net change in court fine revenues	31,829
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal	1,431,813
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in net pension liability	948,453	
Change in compensated absences	(27,026)	
Change in accrued interest payable	5,666	
Change in deferred inflows and outflows of resources		
Deferred amount on refunding	(471,653)	
Deferred amounts on pension	<u>(58,545)</u>	<u>396,895</u>

Change in net position of governmental activities	<u>\$ (491,499)</u>
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## PROPRIETARY FUND FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Net Position**  
**PROPRIETARY FUNDS**  
**September 30, 2018**

	<b>Moss Point Public Utilities Fund</b>	<b>KCR Sanitary Sewer Project Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Accounts receivable, net	\$ 1,836,501	\$ -	\$ 1,836,501
Inventory	63,675	-	63,675
Total current assets	1,900,176	-	1,900,176
Noncurrent assets			
Capital assets:			
Nondepreciable	43,232	321,838	365,070
Depreciable, net of accumulated depreciation	34,381,711	-	34,381,711
Total noncurrent assets	34,424,943	321,838	34,746,781
Total assets	36,325,119	321,838	36,646,957
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on pensions	9,159	-	9,159
Total deferred outflows of resources	9,159	-	9,159
<b>LIABILITIES</b>			
Current liabilities:			
Cash overdraft - pooled cash fund	663,279	-	663,279
Accounts payable	8,268	-	8,268
Accrued wages payable and other liabilities	820	-	820
Due to other funds	1,518,600	-	1,518,600
Unearned revenue	18,295	-	18,295
Long-term debt:			
Notes payable	249,789	-	249,789
Payable from restricted assets:			
Customer deposits	581,758	-	581,758
Total current liabilities	3,040,809	-	3,040,809
Noncurrent Liabilities			
Notes payable	3,105,488	-	3,105,488
Net pension liability	329,218	-	329,218
Total noncurrent liabilities	3,434,706	-	3,434,706
Total liabilities	6,475,515	-	6,475,515
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount on pensions	51,658	-	51,658
<b>NET POSITION</b>			
Net investment in capital assets	31,069,666	321,838	31,391,504
Unrestricted	(1,262,561)	-	(1,262,561)
Total net position	\$ 29,807,105	\$ 321,838	\$ 30,128,943

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**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2018**

	<b>Moss Point Public Utilities Fund</b>	<b>KCR Sanitary Sewer Project Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,306,452	\$ -	\$ 9,306,452
Miscellaneous	32,690		\$ 32,690
Total operating revenues	<u>9,339,142</u>	<u>-</u>	<u>9,339,142</u>
<b>OPERATING EXPENSES</b>			
Personnel services	119,786	-	119,786
Administrative expenses	43,650	-	43,650
Public works contract	3,101,551		3,101,551
Wastewater treatment	3,432,540	-	3,432,540
Natural gas purchases	637,285	-	637,285
Utilities	594,720	-	594,720
Other supplies and materials	107,404	-	107,404
Other contractual services	220,420		220,420
Total operating expenses	<u>8,257,356</u>	<u>-</u>	<u>8,257,356</u>
Operating income (loss) before depreciation	1,081,786	-	1,081,786
Depreciation expense	<u>1,241,337</u>	<u>-</u>	<u>1,241,337</u>
Operating income (loss)	<u>(159,551)</u>	<u>-</u>	<u>(159,551)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Transfers in	321,242	-	321,242
Grant revenue	-	321,838	321,838
Interest expense	(61,062)	-	(61,062)
Total non-operating revenues (expenses)	<u>260,180</u>	<u>321,838</u>	<u>582,018</u>
Change in net position	100,629	321,838	422,467
Net position-beginning, restated	<u>29,706,476</u>	<u>-</u>	<u>29,706,476</u>
Net position-ending	<u>\$ 29,807,105</u>	<u>\$ 321,838</u>	<u>\$ 30,128,943</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2018**

	<b>Moss Point Public Utilities Fund</b>	<b>KCR Sanitary Sewer Project Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 8,811,122	\$ -	\$ 8,811,122
Receipts from miscellaneous sources	32,690	-	32,690
Payments to employees	(186,302)	-	(186,302)
Payments to suppliers	(744,689)	-	(744,689)
Payments for other goods and services	(7,551,387)	-	(7,551,387)
Net cash from operating activities	<u>361,434</u>	<u>-</u>	<u>361,434</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund loans, repayments and transfers	(3,668,239)	-	(3,668,239)
Receipt of grant revenues	-	328,838	328,838
Net cash from non-capital financing activities	<u>(3,668,239)</u>	<u>328,838</u>	<u>(3,339,401)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(328,838)	(328,838)
Bond principal payments	(260,179)	-	(260,179)
Interest and amortization expense	(61,062)	-	(61,062)
Net cash from capital and related financing activities	<u>(321,241)</u>	<u>(328,838)</u>	<u>(650,079)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(3,628,046)</u>	<u>-</u>	<u>(3,628,046)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>2,964,767</u>	<u>-</u>	<u>2,964,767</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ (663,279)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (663,279)</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (159,551)	\$ -	\$ (159,551)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	1,241,337	-	1,241,337
(Increase) decrease in:			
Receivables	(580,889)	-	(580,889)
Prepaid items	12,043	-	12,043
Increase (decrease) in:			
Accounts payable	(157,320)	-	(157,320)
Accrued wages payable	(1,186)	-	(1,186)
Unearned revenue	18,295	-	18,295
Pension items	(12,936)	-	(12,936)
Compensated absences payable	(53,580)	-	(53,580)
Customer deposits	55,221	-	55,221
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u><u>\$ 361,434</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 361,434</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**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 provisions of the State of Mississippi. The City operates under a Mayor-Alderman/Alderwoman form of government and provides the following services: public safety (police and fire), public works (highways, streets and sanitation), culture and recreation, community development, public utilities (water, gas and sewage) and general administration services.

The City of Moss Point is a municipal corporation governed by an elected seven-member Board and mayor. Each of the Board members and the mayor serves a four-year term.

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, 2018.

**II. Financial Reporting Entity**

The accompanying financial statements present the City's governmental units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or functional relationships with the City (as distinct from legal relationships).

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

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

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

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



**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**III. Government-Wide and Fund Financial Statements**

**A. 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 non-fiduciary activities of the City. For the most part, the effect of inter-fund activities has been removed from these statements. Governmental activities, which are normally 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**B. Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns within the fund financial statements.

**IV. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**A. Basis of Accounting**

The City's financial statements are prepared in accordance with accounting principles generally accepted in the U.S. (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are generally included on the balance sheet. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**IV. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**A. Basis of Accounting (Continued)**

Interest associated with the current fiscal period is considered to be susceptible to accrual and so, has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Operating income 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 administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**B. Fund Types and Major Funds**

Governmental Funds

The City reports the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those accounted for in other funds.

*Bond Redemption Fund* – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Funds

The City reports the following major proprietary funds:

*Moss Point Public Utilities Fund* – The utility fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing water and sewer, garbage, and natural gas services to the residents of the City of Moss Point on a continuing basis are financed or recovered primarily through user charges.

**C. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**IV. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**C. Use of Estimates (Continued)**

The City reports receivables at net realizable value. The allowance for doubtful accounts determination is based on historical losses and current economic conditions. Delinquent receivables are analyzed on a continuing basis, and once those receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account.

**D. Reporting Changes and New Accounting Pronouncements**

Reporting Changes

Effective for fiscal year 2018 reporting, the City adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards of accounting and financial reporting for defined benefit other postemployment benefits (OPEB) and defined contribution OPEB that are provided to the employees of state and local government employers.

Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement establishes standards of accounting and financial reporting for irrevocable split-interest agreements in which a government is a beneficiary. When receiving resources pursuant to an irrevocable split-interest agreement, a government must recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement and to recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party.

Statement No. 85, *Omnibus 2017*. This statement addresses practice issues identified during implementation and application of certain GASB Statements. It addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

Statement No. 86, *Certain Debt Extinguishment Issues*. This statement establishes accounting and financial reporting for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. It also provides guidance relating to prepaid insurance on debt that is extinguished

New Accounting Pronouncements for Future Implementation

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The provisions of GASB 83 are effective for financial statements for fiscal years beginning after June 15, 2018. The requirements of this Statement will enhance comparability of financial statements by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (ARO's), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those ARO's.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**IV. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**D. Reporting Changes and New Accounting Pronouncements (Continued)**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The provisions of GASB 84 are effective for fiscal years beginning after December 15, 2018. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

In June 2017, the GASB issued Statement No. 87, *Leases*. The provisions of GASB 87 are effective for financial statements for fiscal years beginning after December 15, 2019. The requirements of this Statement establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement will enhance the relevance and consistency of information about a governments' leasing activities, as well as, the decision-usefulness of the information provided to financial statement users by requiring notes to the financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

The City is assessing the impact that the new GASB pronouncements will have on the City's financial statements.

**E. Comparative Data and Reclassifications**

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**V. Assets, Liabilities, and Net Position or Equity**

**A. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the City's cash and cash equivalents are primarily considered to be cash on hand, amounts held in demand deposits, all certificates of deposits and cash equivalents, which are short-term highly liquid investments that are readily convertible into cash (including restricted assets) in generally three months or less.

**B. Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that these funds are not available for appropriation and are not expendable available financial resources. There are no advances between funds at year-end.

**C. Restricted Assets/Resources**

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 either externally imposed by creditors, contributors, grantors, or laws.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's policy is to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**D. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns within the government-wide financial statements. Capital assets, other than buildings, improvements other than buildings and infrastructure assets, are defined by the government as assets with an initial, individual cost of \$5,000 or more (amount not rounded) and an estimated useful life in excess of one year.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**D. Capital Assets (Continued)**

Donated capital assets are recorded at estimated fair value at the date of donation. In the fund-level financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for as they are in the government-wide financial statements.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the constructed assets. No interest cost was capitalized during the current fiscal year.

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

Buildings and improvements	40-50 years
Infrastructure	20-60 years
Equipment	5-15 years

**E. Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

The governmental fund financial statements recognize the proceeds of debt and premiums related to debt, if any, as other financing sources of the current period. Issuance costs, if any, are reported as expenditures at the time incurred.

**F. Compensated Absences**

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

The compensated absences liability is computed using the specific identification method whereby the actual number of vacation hours is multiplied by the employee's hourly rate at September 30, 2018.

The resulting liability is then increased to include social security and retirement contributions that the City is required to pay upon liquidation of the liability.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**G. Deferred Outflows/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 element, deferred outflows of resources, represents consumption of net position that applies to a future period or periods and so will, not be recognized as an outflow of resources until then. As of September 30, 2018, the City reported deferred outflows pertaining to pensions of \$305,282.

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 until that time. As of September 30, 2018, the City reported deferred inflows pertaining to pensions of \$1,721,939 and deferred property tax revenue of \$4,349,252.

**H. Postemployment Benefits Other than Pensions (OPEB)**

COBRA

In compliance with federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the state offers health and dental benefits on a temporary basis to qualified beneficiaries whose benefit coverage would otherwise end because of a qualifying event such as loss of employment. COBRA coverage is available on a self-paid basis and is the same medical and dental coverage available to state employees.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**I. Fund Balances**

Fund balances are classified as follows:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable 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 the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by Board of Alderman ordinance or resolution. This includes the budget reserve account

**Assigned**—Amounts that are designated by management for a specific purpose but are not spendable until a budget ordinance is passed by Board of Alderman

**Unassigned**—All amounts not included in other spendable classifications

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**I. Fund Balances (Continued)**

As discussed in Note 1: V. (C), restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Board or the assignment has been changed by management. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**J. Net Position**

Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources.

Net investment in capital assets 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**

**A. Budgetary Data**

The City's Budgetary procedures and budgetary basis to GAAP basis reconciliations can be found in the Notes to Required Supplementary Information – Budgetary Schedules on Page 47-51 of this report.

**B. Deficit Fund Equity**

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

	Fund Deficit
Governmental Funds:	
Mayor's Youth Council	(10,377)



**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 2: CASH**

A summary of cash (including restricted deposits) as of September 30, 2018, is as follows:

	<b>Deposits with Financial Institutions</b>		<b>Cash on Hand</b>	<b>Total</b>
	<b>Pooled</b>	<b>Non-Pooled</b>		
<b>Governmental funds:</b>				
General Fund	\$ (1,038,032)	1,130,222	275	92,465
Bond Redemption Fund	557,011	-	-	557,011
Other Governmental Funds	1,299,839	868,230	-	2,168,069
Total governmental funds	818,818	1,998,452	275	2,817,545
<b>Proprietary funds:</b>				
Moss Point Public Utilities Fund	(663,279)	-	-	(663,279)
Total proprietary funds	(663,279)	-	-	(663,279)
Total cash	\$ 155,539	1,998,452	275	2,154,266

The carrying amount of the City's total deposits with financial institutions at September 30, 2018, was \$2,153,991 and the bank balance was \$3,3431,411.

**Custodial Credit Risk – Deposits**

Custodial credit risk is 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 City follows state statutes that allow public entities to select depositories on the basis of competitive bid. Depositories must be covered by Federal Deposit Insurance Corporation (FDIC) or collateralized in an amount equal to 105% of the uninsured deposit.

The collateral is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by §27-105-5 of the Mississippi Code of 1972, Annotated. 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 recovered by the FDIC.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 3: RECEIVABLES**

The statement of Net Position includes the following receivables at September 30, 2018:

<i>Governmental activities</i>	
Taxes receivable:	
Property taxes	
Current	\$ 37,855
For future reporting period	4,349,252
Total property taxes receivable	<u>4,387,107</u>
Franchise taxes	295,776
Total taxes receivable	<u>4,682,883</u>
Intergovernmental receivable:	
Sales taxes	334,285
Shared revenue	36,203
Grants	303,370
Total intergovernmental receivable	<u>673,858</u>
Fines and forfeitures receivable:	
Court fines receivable	7,258,608
Less: allowance for doubtful accounts	<u>(6,480,485)</u>
Total fines and forfeitures receivable, net	<u>778,123</u>
Total receivables - governmental activities	<u><u>\$ 6,134,864</u></u>
<i>Business-type activities</i>	
Customer accounts receivable:	
Customer utility charges (billed)	\$ 2,576,915
Customer accounts, earned but unbilled	187,275
Less: allowance for doubtful accounts	<u>(927,689)</u>
Total customer accounts receivable, net	<u>1,836,501</u>
Total receivable - business-type activities	<u><u>\$ 1,836,501</u></u>

**NOTE 4: INTERFUND LOANS AND TRANSFERS**

**A. Due To/From Other Funds/Advances**

Receivable Fund	Payable Fund	Amount
General Fund	Local Seized Assets Fund	\$ 160
General Fund	Mayor's Youth Council Fund	11,500
General Fund	Disaster Relief Fund	234,444
General Fund	Moss Point Utilities Fund	1,518,600
Federal Seized Assets Fund	General Fund	2,181
Total		<u><u>\$ 1,766,885</u></u>

During the course of the year, certain expenditures were paid on a reimbursement basis requiring the City to borrow monies at year-end from the general fund in order to prevent a deficit cash balance in the certain funds.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 4: INTERFUND ASSETS/LIABILITIES (Continued)**

**B. Interfund Transfers**

The following transfers were made between funds during the year ended September 30, 2018:

Transfers From	Transfers To	Amount
General Fund	Bond Redemption Fund	\$ 1,207,256
General Fund	Non-major Governmental Funds	3,989,858
General Fund	Moss Point Utilities Fund	321,242
Non-Major Governmental Funds	General Fund	1,826,599
Total		<u>\$ 7,344,955</u>

Transfers are indicative of the City's matching portion of various capital projects, lease payments, debt service, subsidies of various City operations, and re-allocations of special revenues. During 2018, dormant funds were closed into the general fund and residual balances transferred.

**NOTE 5: CAPITAL ASSETS**

**A. Governmental Activities**

Capital asset activity governmental activities for the year ended September 30, 2018, is as follows:

	Balance October 1	Additions	Disposals/ Adjustments	Balance September 30
Capital assets not being depreciated:				
Land	\$ 2,091,426	\$ -	\$ -	\$ 2,091,426
Construction in progress	4,878,387	767,232	(5,263,095)	382,524
Total capital assets not being depreciated	<u>6,969,813</u>	<u>767,232</u>	<u>(5,263,095)</u>	<u>2,473,950</u>
Capital assets being depreciated:				
Buildings	13,840,840	-	4,958,877	18,799,717
Improvements other than buildings	2,245,610	-	-	2,245,610
Infrastructure - streets and drainage	23,614,710	-	304,218	23,918,928
Machinery and equipment	9,235,132	253,022	130,552	9,618,706
Leased Property under capital leases	703,489	-	(130,552)	572,937
Total capital assets being depreciated	<u>49,639,781</u>	<u>253,022</u>	<u>5,263,095</u>	<u>55,155,898</u>
Less accumulated depreciation:				
Buildings	5,313,760	361,396	-	5,675,156
Improvements other than buildings	670,087	113,271	-	783,358
Infrastructure - streets and drainage	7,834,574	619,398	-	8,453,972
Machinery and equipment	8,336,557	350,466	107,239	8,794,262
Leased property under capital leases	280,510	46,445	(107,239)	219,716
Total accumulated depreciation	<u>22,435,488</u>	<u>1,490,976</u>	<u>-</u>	<u>23,926,464</u>
Total capital assets being depreciated, net	<u>27,204,293</u>	<u>(1,237,954)</u>	<u>5,263,095</u>	<u>31,229,434</u>
Governmental activities capital assets, net	<u>\$ 34,174,106</u>	<u>\$ (470,722)</u>	<u>\$ -</u>	<u>\$ 33,703,384</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 5: CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the government activities as follows:

Governmental activities:	
General government	\$ 366,597
Public safety	257,776
Public works	715,758
Culture and recreation	59,884
Economic development	90,961
Total	<u>\$ 1,490,976</u>

**B. Business-type Activities**

Capital asset activity business-type activities for the year ended September 30, 2018, is as follows:

	Balance October 1	Additions	Disposals/ Adjustments	Balance September 30
Capital assets not being depreciated:				
Land	\$ 43,232	\$ -	\$ -	\$ 43,232
Construction in progress	-	321,838	-	321,838
Total capital assets not being depreciated	<u>43,232</u>	<u>321,838</u>	<u>-</u>	<u>365,070</u>
Capital assets being depreciated:				
Buildings and improvements	18,441,735	-	-	18,441,735
Infrastructure and improvements	64,540,871	-	-	64,540,871
Machinery and equipment	2,705,436	-	-	2,705,436
Total capital assets being depreciated	<u>85,688,042</u>	<u>-</u>	<u>-</u>	<u>85,688,042</u>
Less accumulated depreciation:				
Buildings and improvements	14,553,405	254,069	-	14,807,474
Infrastructure and improvements	33,201,108	954,797	-	34,155,905
Machinery and equipment	2,310,481	32,471	-	2,342,952
Total accumulated depreciation	<u>50,064,994</u>	<u>1,241,337</u>	<u>-</u>	<u>51,306,331</u>
Total capital assets being depreciated, net	<u>35,623,048</u>	<u>(1,241,337)</u>	<u>-</u>	<u>34,381,711</u>
Business-type activities capital assets, net	<u>\$ 35,666,280</u>	<u>\$ (919,499)</u>	<u>\$ -</u>	<u>\$ 34,746,781</u>

**C. Construction Work in Progress**

Construction work in progress for the governmental and business-type activities of the City is composed of the following:

Project	Money Spent to Date	Remaining Commitment
Governmental Activities:		
Pelican Landing Improvements	\$ 382,524	\$ 55,158
Business-type Activities		
KCR Sanitary Sewer Project	<u>321,838</u>	<u>4,621,045</u>
Total Commitments	<u>\$ 704,362</u>	<u>\$ 4,676,203</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 6: LONG-TERM DEBT**

Debt outstanding at September 30, 2018 consists of the following:

Description and Purpose	Original Issue Amount	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>				
A. Obligation Bonds:				
Special Obligation Bond, Series 2010	\$ 3,000,000	\$ 2,050,000	2.0%-3.25%	06/01/30
General Obligation Capital Improvement, Series 2013	2,565,000	2,060,000	2.60%	05/01/33
Total Obligation Bonds		<u>4,110,000</u>		
B. Notes Payable				
Notes Payable- Sterling National Bank	13,424,325	11,443,588	3.35%	04/30/30
Notes Payable-M&M Bank	1,500,000	1,101,736	2.65%	10/13/25
Capital Improvements Revolving Loan	167,002	94,486	3.00%	03/01/20
Total Notes Payable		<u>12,639,810</u>		
C. Capital Leases:				
E-One, Inc.				
secured by fire truck, \$36,527 annually	293,927	35,069	4.16%	11/30/18
KS State Bank				
secured by pumper truck, \$45,227 annually	79,100	195,777	2.42%	11/01/22
BancorpSouth				
secured by 2016 Ford F150 truck, \$664 monthly	29,983	16,497	2.28%	10/24/20
Total Capital Leases		<u>247,343</u>		
Total governmental activities		<u>16,997,153</u>		
<b>Business-type Activities:</b>				
A. Notes Payable				
Secured by sales tax revenue:				
State Revolving Fund Loan, 2011, \$7,235 monthly	1,438,524	939,041	1.75%	09/01/30
State Revolving Fund Loan, 2011, \$6,477 monthly	1,292,581	882,512	1.75%	05/01/31
State Revolving Fund Loan, 2011, \$5,262 monthly	1,053,773	725,291	1.75%	07/01/31
Drinking Water System Impr. Revolving Loan, \$6,558 monthly	1,280,216	808,433	1.95%	03/01/30
Total Notes Payable		<u>3,355,277</u>		
Total business-type activities		<u>3,355,277</u>		
Total government		<u>\$ 20,352,430</u>		

Transactions for the year ended September 30, 2018 for the governmental activities are summarized as follows:

Governmental Activities	Payable at October 1	Additions	Reductions	Payable at September 30	Due in one year
Long-term debt:					
General obligation bonds	\$ 2,280,000	-	220,000	2,060,000	110,000
Special obligation bonds	2,180,000	-	130,000	2,050,000	135,000
Notes payable	13,636,260	-	996,450	12,639,810	1,041,740
Capital leases payable	332,706	-	85,363	247,343	83,137
Total long-term debt principal	18,428,966	-	1,431,813	16,997,153	1,369,877
Other long-term liabilities:					
Compensated absences	208,343	89,271	91,662	205,952	123,571
Net pension liability (beg. restated)	11,593,170	-	948,453	10,644,717	-
Total governmental activities	<u>\$ 30,230,479</u>	<u>89,271</u>	<u>2,471,928</u>	<u>27,847,822</u>	<u>1,493,448</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 6: LONG-TERM DEBT (Continued)**

Transactions for the year ended September 30, 2018 for the business-type activities are summarized as follows:

Business-type Activities	Payable at October 1	Additions	Reductions	Payable at September 30	Due in one year
Long-term debt:					
Notes payable	\$ 3,615,457	-	260,180	3,355,277	249,789
Total long-term debt principal	3,615,457	-	260,180	3,355,277	249,789
Other long-term liabilities:					
Compensated absences	53,580	-	53,580	-	-
Net pension liability (beg. restated)	358,552	-	29,334	329,218	-
Total business-type activities	<u>\$ 4,027,589</u>	<u>-</u>	<u>343,094</u>	<u>3,684,495</u>	<u>249,789</u>

**A. Bonds Payable**

The City is responsible for the repayment of specific obligation bonds of the State of Mississippi relative to the City's capital projects. The bonds are backed by 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, 2018 the City's future principal and interest requirements related to the bonds payable are as follows:

Year Ending	Principal	Interest	Total
2019	\$ 245,000	\$ 142,244	\$ 387,244
2020	255,000	134,325	389,325
2021	260,000	125,913	385,913
2022	270,000	112,288	382,288
2023	285,000	98,912	383,912
2024-2028	1,580,000	354,691	1,934,691
2029-2033	1,215,000	74,722	1,289,722
	<u>\$ 4,110,000</u>	<u>\$ 1,043,095</u>	<u>\$ 5,153,095</u>

Interest incurred on bonds payable totaled \$149,844 for the fiscal year ended September 30, 2018.

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, 2018, was 4.75 mills or \$4.75 per \$1,000 of assessed value.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 6: LONG-TERM DEBT (Continued)**

**B. Notes Payable**

At September 30, 2018 the City's future principal and interest requirements related to the notes payable are as follows:

Year Ending	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2019	\$ 1,041,740	406,751	249,789	144,094	1,842,374
2020	1,033,825	382,884	254,158	137,094	1,807,961
2021	1,039,474	339,021	258,641	129,694	1,766,830
2022	1,073,533	304,962	263,204	122,094	1,763,793
2023	1,108,715	269,780	267,847	113,594	1,759,936
2024-2028	5,591,596	798,713	1,411,801	413,508	8,215,618
2029-2031	1,741,927	59,013	647,837	94,776	2,543,553
	<u>\$ 12,630,810</u>	<u>2,561,124</u>	<u>3,353,277</u>	<u>1,154,854</u>	<u>19,700,065</u>

**C. Capital Leases Payable**

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

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, 2018:

Year Ending	Principal	Interest	Total
2019	\$ 83,137	\$ 6,595	\$ 89,732
2020	49,230	3,974	53,204
2021	43,626	2,929	46,555
2022	43,499	1,727	45,226
2023	27,851	674	28,525
	<u>\$ 247,343</u>	<u>\$ 15,899</u>	<u>\$ 263,242</u>

**D. Legal Debt Margin**

Municipal debt is limited by §21-33-303 et seq of the Mississippi Code of 1972, Annotated. 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 increases to 20% whenever a City issues bond to repair washed out or collapsed bridges on the public roads of the City.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 6: LONG-TERM DEBT (Continued)**

**D. Legal Debt Margin (Continued)**

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

Assessed valuations 2018 (inside the City):	
Real property	\$ 58,669,593
Personal property	10,157,197
Public utility	12,134,528
Autos and mobile homes (estimated)	10,409,520
Total assessed valuations	<u>91,370,838</u>
Fifteen percent (15%) of total assessed valuation	13,705,626
Less outstanding general issues at 09/30/2018	<u>(2,060,000)</u>
Legal debt margin	<u>11,645,626</u>
Percentage	<u>2.3%</u>

**E. Compensated Absences**

The City's policies relative to compensated absences and the method of computing accrued liabilities and reporting are discussed in Note 1 V(F) on page 36.

**NOTE 7: RETIREMENT PLANS**

**A. General Information about the 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 §25-11-1 et seq of the Mississippi Code of 1972, Annotated 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 Cities. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees.



**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7: RETIREMENT PLANS (Continued)**

**A. General Information about the Pension Plan (Continued)**

If approved, membership for 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 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. 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.

**B. 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, 2018, 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, 2018, 2017 and 2016 were \$639,147, \$779,256 and \$840,262, respectively, which equaled the required contributions for each year.

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

At September 30, 2018, the City reported a liability of \$10,644,717 in the governmental activities and \$329,218 in the business-type activities for a total of \$10,973,935 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportion was .066 percent. For the year ended September 30, 2018, the City recognized pension expense for governmental activities of \$233,349 and \$7,217 for business-type activities.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7: RETIREMENT PLANS**

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Governmental	Business-Type	
	Activities	Activities	Total
Differences between expected and actual experience	\$ 46,666	\$ 1,443	\$ 48,109
Changes of assumptions	6,281	194	6,475
Changes in proportion and differences between City contributions and proportionate share on contributions	106,901	3,307	110,208
City's contributions subsequent to the measurement date	136,276	4,215	140,491
Total deferred outflows related to pensions	<u>\$ 296,124</u>	<u>\$ 9,159</u>	<u>\$ 305,283</u>

	Deferred Inflows of Resources		
	Governmental	Business-Type	
	Activities	Activities	Total
Differences between expected and actual experience	\$ 44,873	\$ 1,388	\$ 46,261
Net difference between projected and actual earnings on pension plan investments	211,603	6,544	218,147
Changes of assumptions	5,879	182	6,061
Changes in proportion and differences between City contributions and proportionate share on contributions	1,407,926	43,544	1,451,470
Total	<u>\$ 1,670,281</u>	<u>\$ 51,658</u>	<u>\$ 1,721,939</u>

Within the deferred outflows, \$140,491 of deferred outflows of resources is related to pensions resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts, netting to \$(1,557,147) reported as deferred outflow of resource and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2019	\$ (604,508)
2020	(419,702)
2021	(483,589)
2022	(49,348)
	<u>\$ (1,557,147)</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7: RETIREMENT PLANS**

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75-18.50 percent, including inflation
Investment rate of return	7.75 percent, (net of pension plan investment expense, including inflation)

The table for post-retirement mortality rates used in evaluating allowances to be paid was the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022 with male rates set forward one year.

The actuarial assumptions used in the June 30, 2018, valuation was based on the results of an actuarial experience study for the four-year period ending June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on the PERS 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 the plans investment expense and the assumed rate of inflation) were 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 rate 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	<u>100.00 %</u>	

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 7: RETIREMENT PLANS**

**E. Discount Rate**

The discount rate used to measure the total pension liability for PERS was 7.75 percent, which was based on the future long-term expected rate of return of 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 (9.0%) and that employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.4%) thereafter. 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 investments was applied to all periods of projected benefit payments to determine each plan's 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 PERS 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 one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 14,449,524	\$ 10,973,935	\$ 8,085,262

**F. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 8: NET INVESTMENT IN CAPITAL ASSETS**

***Governmental Activities:***

Net investment in capital assets:

Capital Assets

Nondepreciable capital assets	\$ 2,473,950
Other capital assets	55,155,898
Less: accumulated depreciation	(23,926,464)

Less: outstanding balances of borrowings for capital asset acquisition:

Obligation bonds	(4,410,000)
Notes payable	(12,639,810)
Capital leases	(247,343)
Deferred premium	(356,655)

Less: material accounts payable at year end (85,020)

Add: outstanding cash bond proceeds 85,020

**Total Net Investment in Capital Assets - Governmental Activities** \$ 16,049,576

***Business-type Activities***

*Moss Point Public Utilities Fund*

Net investment in capital assets:

Capital Assets

Nondepreciable capital assets	\$ 43,232
Other capital assets	85,688,042
Less: accumulated depreciation	(51,306,331)

Less: outstanding balances of borrowings for capital asset acquisition:

Notes payable	<u>(3,355,277)</u>
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Total investment in capital assets - Moss Point Public Utilities Fund 31,069,666

*KCR Sanitary Sewer Project Fund*

Capital Assets

Nondepreciable capital assets	<u>321,838</u>
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Total investment in capital assets - KCR Sanitary Sewer Project Fund 321,838

**Total Net Investment in Capital Assets - Business-type Activities** \$ 31,391,504

**NOTE 9: PROPERTY AND SALES TAX REVENUE**

**A. Property Tax Revenues**

The City levies a tax on real and personal property based on the assessed value of property as compiled by the information extracted from the City assessment tax rolls. The taxes on real property attach as an enforceable lien on the property as of January 1. Taxes on real and personal property are levied by the City Council at the first regular meeting in September.

In accordance with the Mississippi Code of 1972, as amended, the City Council may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for the current year are limited to an increase of not more than 10% over receipts for any one of the preceding ten years or a minimum of 20 mills. 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.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 9: PROPERTY AND SALES TAX REVENUE (Continued)**

**A. Property Tax Revenues (Continued)**

The rates are expressed in terms of mills (i.e., ten mills equal one cent). The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt but exclusive of school bond and interest for the year ended September 30, 2019 was 54.21 mills or \$54.21 per \$1,000 of assessed valuation.

Property taxes at the fund level are recorded as receivables and deferred inflow of resources at the time the taxes are levied. Revenues are recognized as the related ad valorem taxes are collected including those collected 60 days after year-end. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with GAAP have been recognized as revenue.

**B. Sales Tax Revenues**

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. General sales tax revenue reported in the General Fund was \$2,087,919.

In addition, the State levies 3% hotel/motel tax for the promotion of economic development and tourism. Sales tax revenue reported in the other governmental funds for the year ended September 30, 2019 was \$311,337.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**A. Risk Management**

Workman's Compensation Insurance - The City finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool.

The City pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability.

However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

Claims and Judgments - The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)**

**A. Risk Management (Continued)**

Federal Grants - The city has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

Litigation - The City is potentially a party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the potential proceedings. However, the City's legal counsel believes that any ultimate liability resulting from these lawsuits, if any, will not have a material adverse effect on the financial condition of the City.

**B. Commitments/Service Contracts**

Contract for Operations of Solid Waste Collections – The City entered into 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 sewer billing system. Compensation will vary from month to month; however, Team Waste will be paid for rendered services based on the 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. However, during the fiscal year the City opted to cancel the contract. For the fiscal year ended September 30, 2018, the City Paid \$424,114 for the operations of solid waste collections under this contract.

Contract for Operations of Solid Waste Collections – In May 2018, the City entered into a contract with Waste Management of the South, LLC (Waste Management) for the operations of solid waste collections. Compensation will vary from month to month; however, Team Waste will be paid for rendered services based on the 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, 2018 and has an option for up to two additional one year terms of the contract. For the fiscal year ended September 30, 2018, the City Paid \$280,671 for the operations of solid waste collections under this contract.

Contract for Public Works

In 2016 the City decided to contract out its public works department to third party. The contract between the City and ClearWater Solutions, LLC (ClearWater) was established on February 16, 2016. In the contract, ClearWater 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, 2018, the City paid \$3,101,551.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 10: COMMITMENTS AND CONTINGENCIES (Continued)**

**C. Construction Contracts**

The City has entered into various construction contracts for infrastructure improvements with an estimated remaining commitment of \$4,676,203. The majority of these commitments are being funded by bond funds. See Note 5(C) for more detailed information on these commitments.

**NOTE 11: TAX ABATEMENTS**

As of September 30, 2019, the City provides tax abatements through various state and local programs subject to the requirements of GASB Statement No. 77. State programs are authorized through Section §57-75-5(f) of Mississippi Code Ann. (1972) and local programs are authorized through resolutions by the Jackson County Supervisors and City Council. These programs are as follows:

Program	Benefit	Eligibility Requirements
Fee-in-Lieu	A company may be approved by local authorities to pay a fee in lieu of standard property taxes. This negotiated fee is valid for 10 years but cannot be less than 1/3 of the property tax levy.	The City may consider a fee-in-lieu agreement when a company's private investment in land, building(s) and equipment exceeds \$100 million.
Real and Personal Property Tax Exemptions	An exemption from property taxes on land, building and equipment is available for up to 10 years. School taxes are not exempt.	Eligible businesses include: manufacturers, processors, research and development facilities, refineries, warehouse and distribution facilities, data and information processing companies and telecommunications and technology-intensive industries. The City Council must approve the exemption.
Exemption on In-State Inventory	An exemption from property taxes on finished goods that will remain in Mississippi is available. School taxes are not exempt. Any taxes paid become a direct credit to Mississippi income tax.	Manufacturers, processors, distributors, wholesalers or retailers are eligible. The City Council must approve the exemption.
Free Port Warehouse Exemption	An exemption from property taxes paid on finished goods inventories leaving Mississippi is available. The exemption may be for all property taxes and may be perpetual.	The City Council must approve the exemption.
Broadband Technology Tax (income, franchise)	An exemption from state income taxes and franchise fees paid to local governments.	Approved by the State of Mississippi.

The City has no tax abatements as of September 30, 2018.



**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 11: RELATED PARTY COMMITMENTS**

**A. Joint Governance**

The City entered into an agreement with the Board of Trustees of the Jackson-George Regional Library System, the City of Pascagoula, the City of Ocean Springs, the City of Lucedale, and the Board of Supervisors of Jackson County to mutually cooperate in securing a more economical public library system through combined resources, interests, materials and facilities to be known as the Jackson-George Regional Library System.

There are no specific monetary terms in the agreement, and the City of Moss Point has no equity interest in the organization.

The Jackson-George Regional Library Board approves an operating budget every year which stipulates the amount of funds needed from participating municipalities and various other funding sources. 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 support of the Library System. The millage rate for the year ended September 30, 2018, was 1.0 mills or \$1.00 per \$1,000 of assessed value.

The City of Moss Point contributed \$85,000 for the year ended September 30, 2018. This agreement is cancelable upon 60 days written notice prior to the end of the fiscal year, and therefore, the City of Moss Point does not have an ongoing financial responsibility.

**B. Joint Venture**

The City of Moss Point The City of Pascagoula is a member of the Jackson County Utility Authority (the "Authority"), whereby the Authority treats and disposes of the City's wastewater in compliance with water quality standards established by the Mississippi Air and Water Pollution Control law and the Federal Water Pollution Control Act.

The Authority provides for the operation and maintenance of the sewer treatment plants on a cost reimbursement basis. Pursuant to the terms of the agreement, the City is required to pay monthly costs of operations and maintenance directly associated with the treatment facilities and to share in the construction costs of the treatment facilities. The costs associated with this contract totaled \$4,207,824 for the year.

The City's obligation to pay operational costs of the Authority is joint and several with the obligations of all other public agencies similarly contracting with the Authority. A complete copy of the 2019 financial statements should be soon on file at the administrative offices of the Authority which are located at 1225 Jackson Avenue, Pascagoula, MS 39567.

**NOTE 12: 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; injuries to employees; and natural disasters. During the year ended September 30, 2018, the City carried insurance through various commercial carriers to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2018**

**NOTE 13: SUBSEQUENT EVENTS**

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes.

Management of the City of Moss Point, Mississippi evaluated the activity of the City through May 7, 2021, (the date the financial statements were available to be issued), and determined the following noteworthy subsequent events have occurred. The worldwide pandemic as further explained in Note 14 has impacted how the city in various ways which cannot yet be fully quantified. Also, on February 24, 2021, Mayor Mario King resigned as mayor after pleading guilty in a federal court to charges related to activities of an outside organization. Alderman Robert Byrd was appointed Mayor Pro-Tem to complete the term which ends in June of 2021.

**NOTE 14: WORLDWIDE PANDEMIC**

In early 2020, prior to the issue of this report, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the City is not estimable at this time.

**NOTE 15: PRIOR PERIOD AUDIT ADJUSTMENTS**

Prior period adjustments were necessary to reflect current year activities. Adjustments are as follows:

	Net Position		Fund Balance	
				Other
	Governmental	Business-type	General	Governmental
	Activities	Activities	Fund	Funds
Net Position/Fund Balance - Beginning Year	\$ 13,061,938	27,780,581	4,631,507	200,845
Net Position/Fund Balance as Restated	9,964,393	29,706,476	5,791,421	352,196
Increase (Decrease to net position/fund balance)	(3,097,545)	1,925,895	1,159,914	151,351
(Increase) Decrease to:				
Receivables	\$ 396,600	(50,466)	(58,121)	
Interfund loans	(84,989)		(1,337,104)	(151,351)
Accrued interest payable	54,603			
Debt obligations	280,845	(96,104)	235,311	
Compensated absences	(29,417)			
Net pension liability and deferrals	2,479,903	(1,779,324)		
Total Adjustments	\$ 3,097,545	\$ (1,925,894)	\$ (1,159,914)	\$ (151,351)

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Budgetary Basis**  
**GENERAL FUND**  
**For the Fiscal Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget
Revenues:				
Property taxes	\$ 3,954,360	3,954,360	4,698,140	743,780
Franchise fees	1,060,000	1,060,000	976,910	(83,090)
Fines and fees	500,000	500,000	91,601	(408,399)
Licenses and permits	132,200	132,200	85,012	(47,188)
Intergovernmental	3,477,237	3,477,237	3,434,488	(42,749)
Charges for services	400,360	400,360	205,359	(195,001)
Investment earnings	8,000	8,000	7,847	(153)
Miscellaneous	110,530	110,530	198,013	87,483
Total Revenues	9,642,687	9,642,687	9,697,370	54,683
Expenditures:				
General government:				
Personnel services	1,173,831	1,231,947	963,848	268,099
Supplies	19,200	30,410	25,966	4,444
Other services and charges	2,992,044	2,845,189	2,398,468	446,721
Capital outlay/Debt service	60,200	241,215	233,000	8,215
Total	4,245,275	4,348,761	3,621,282	727,479
Public safety - police and courts				
Personnel services	2,572,258	2,573,698	2,198,730	374,968
Supplies	18,000	23,231	19,216	4,015
Other services and charges	356,647	352,327	314,240	38,087
Capital outlay/Debt service	35,906	52,135	52,135	-
Total	2,982,811	3,001,391	2,584,321	417,070
Public safety - fire				
Personnel services	2,241,803	2,241,803	1,930,409	311,394
Supplies	36,500	37,600	32,299	5,301
Other services and charges	143,790	131,600	100,997	30,603
Capital outlay/Debt service	41,553	107,553	146,804	(39,251)
Total	2,463,646	2,518,556	2,210,509	308,047
Public works				
Personnel services	110	60	59	1
Supplies	1,350	1,657	1,251	406
Other services and charges	284,380	278,424	295,455	(17,031)
Capital outlay/Debt service	27,400	27,400	2,279	25,121
Total	313,240	307,541	299,044	8,497
Culture & recreation				
Personnel services	265,397	289,947	283,807	6,140
Supplies	5,000	16,700	16,634	66
Other services and charges	123,790	103,470	108,015	(4,545)
Capital outlay/Debt service	262,200	184,000	112,032	71,968
Total	656,387	594,117	520,488	73,629
Economic development				
Personnel services	124,627	125,042	115,716	9,326
Supplies	2,850	2,850	1,657	1,193
Other services and charges	68,490	155,153	127,754	27,399
Total	195,967	283,045	245,127	37,918
Total Expenditures	10,857,326	11,053,411	9,480,771	1,572,640
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,214,639)	(1,410,724)	216,599	1,627,323

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Required Supplemental Information –**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Fiscal Year Ended September 30, 2018**

**NOTE A: BUDGETARY INFORMATION**

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

1. Prior to August 1, the City Manager submits to the Board members a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. No later than September 15, the budget is legally enacted through passage of a resolution.
3. The General Fund and Special Revenue funds' budgets are adopted on a cash basis as required by State statute. Accordingly, actual figures have also been presented on a cash basis. All budgeted amounts presented in the accompanying schedule are as originally adopted or as amended by the Board members.
4. The City Manager is responsible for monitoring the budget and actual results and is authorized to transfer budgeted amounts within funds. However, any revisions that alter the total expenditures must be approved by the Board members.

**Reconciliation of Cash-basis Budget to  
Statement of Revenues, Expenditures and Changes in Fund Balance**

Net Change in fund balance - Budget-Cash Basis		\$ -
Revenues and other financing sources per Budget-Cash-basis	\$ -	
Additional accrued revenues	-	-
Revenues and other financing sources per Fund Financial Statements	-	
Expenditures and other financing uses per Cash-basis Budget	-	
Additional accrued expenses	-	-
Expenditures and other financing uses per Fund Financial Statement	\$ -	
Net Change in fund balance - Fund Financials		\$ -

**CITY OF MOSS POINT, MISSISSIPPI**  
**Schedule of Changes in the City's Net Pension Liability**  
**and Related Ratios<sup>2</sup>**  
**Last 10 Fiscal Years<sup>1</sup>**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.065977%	0.071897%	0.081403%	0.082194%
City's proportionate share of the net pension liability	\$ 10,973,935	\$ 11,951,772	\$ 14,289,998	\$ 12,366,422
City's covered-employee payroll	\$ 4,213,263	\$ 4,612,260	\$ 4,943,825	\$ 5,507,132
City's proportionate share of the net pension liability as a percentage of its covered payroll	260.46%	259.13%	289.05%	224.55%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%

<sup>1</sup> GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years.  
The City has presented information for the years in which it is available.

<sup>2</sup> The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Schedule of City Contributions<sup>2</sup>**  
**Last 10 Fiscal Years<sup>1</sup>**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 639,147	\$ 738,692	\$ 779,256	\$ 840,262
Contributions in relation to the actuarially determine contribution	<u>639,147</u>	<u>738,692</u>	<u>779,256</u>	<u>840,262</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 4,058,076	 4,690,108	 4,947,657	 5,334,997
Contributions as a percentage of covered- employee payroll	15.75%	15.75%	15.75%	15.75%

<sup>1</sup> GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years.  
The City has presented information for the years in which it is available.

<sup>2</sup> The amounts presented are actual contributions as made during the fiscal years. This schedule has been corrected to reflect  
fiscal year numbers. Prior audit schedules showed actuarial reported contributions for June 30 measurement date.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Required Supplemental Information –**  
**PENSION SCHEDULES**  
**For the Year Ended June 30, 2018 (Measurement Date)**

***Changes of assumptions.***

- 2017
  - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
  - The wage inflation assumption was reduced from 3.75% to 3.25%.
  - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
  - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
  - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
  - 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.
  - 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.
  - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
  - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

***Changes in benefit provisions***

- 2016
  - Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

***Methods 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 (June 30, 2016 valuation for the June 30, 2018 fiscal year end). 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	36.6 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation



## OTHER SUPPLEMENTARY INFORMATION

## COMBINING FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Balance Sheet**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2018**

	Non-major Governmental Funds			Total Non-major Governmental Funds
	Special Revenue Funds	Capital Project Funds	Debt Service Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,419,454	\$ 561,855	\$ 186,760	\$ 2,168,069
Receivables:				
Property tax receivable	689	-	-	689
Intergovernmental	63,955	280,101	-	344,056
Due from other funds	2,181	-	-	2,181
Total assets	<u>1,486,279</u>	<u>841,956</u>	<u>186,760</u>	<u>2,514,995</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	21,958	175,054	-	197,012
Due to other funds	11,660	234,444	-	246,104
Total liabilities	<u>33,618</u>	<u>409,498</u>	<u>-</u>	<u>443,116</u>
Fund balances:				
Committed:				
Culture and recreation	46,654	20,266	-	66,920
Economic development	3,390	-	-	3,390
Restricted:				
Public safety	300,935	-	-	300,935
Economic development	879,935	-	-	879,935
Debt service	-	-	186,760	186,760
Grant/bond purpose	221,747	412,192	-	633,939
Total fund balances	<u>1,452,661</u>	<u>432,458</u>	<u>186,760</u>	<u>2,071,879</u>
Total liabilities and fund balances	<u>\$ 1,486,279</u>	<u>\$ 841,956</u>	<u>\$ 186,760</u>	<u>\$ 2,514,995</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2018**

	Non-major Governmental Funds			Total Non-major Governmental Funds
	Special Revenue Funds	Capital Project Funds	Debt Service Funds	
<b>REVENUES</b>				
Property taxes	\$ 86,623	\$ -	\$ -	\$ 86,623
Intergovernmental	1,147,034	409,577	-	1,556,611
Charges for services	8,479	-	-	8,479
Interest income	1,560	2,934	156	4,650
Miscellaneous	-	82,790		82,790
Total revenues	<u>1,243,696</u>	<u>495,301</u>	<u>156</u>	<u>1,739,153</u>
<b>EXPENDITURES</b>				
General government	10,983	-	-	10,983
Public safety	88,043	-	-	88,043
Public works	-	82,839		82,839
Culture and recreation	85,000	26,452	-	111,452
Economic development	330,745	9,961	-	340,706
Capital outlay	382,525	420,804	-	803,329
Debt service:				
Principal	68,737	-	-	68,737
Interest	13,018	-	-	13,018
Total expenditures	<u>979,051</u>	<u>540,056</u>	<u>-</u>	<u>1,519,107</u>
Excess (deficiency) of revenues over expenditures	<u>264,645</u>	<u>(44,755)</u>	<u>156</u>	<u>220,046</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	502,404	3,487,454	-	3,989,858
Transfers out	<u>(563,896)</u>	<u>(1,067,061)</u>	<u>(195,642)</u>	<u>(1,826,599)</u>
Total other financing sources (uses)	<u>(61,492)</u>	<u>2,420,393</u>	<u>(195,642)</u>	<u>2,163,259</u>
Net change in fund balances	203,153	2,375,638	(195,486)	2,383,305
Fund balances-beginning, restated	<u>1,249,508</u>	<u>(1,943,180)</u>	<u>382,246</u>	<u>(311,426)</u>
Fund balances-ending	<u>\$ 1,452,661</u>	<u>\$ 432,458</u>	<u>\$ 186,760</u>	<u>\$ 2,071,879</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Balance Sheet**  
**SPECIAL REVENUE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2018**

	Special Revenue Funds												Total Non-major Special Revenue Funds
	Pelican Landing Operating Fund	Library Fund	Municipal Fire Rebate Fund	Crime Prevention Grant Fund	Tidelands Grant Fund	Economic Development Resources Fund	Local Seized Assets Fund	Federal Seized Assets Fund	Community Development Block Grant Fund	Special Grants Fund	Mayor's Youth Council Fund	Community Development Support Grant Fund	
<b>ASSETS</b>													
Cash and cash equivalents	\$ 3,390	\$ 45,965	\$ 4,286	\$ -	\$ 27,578	\$ 815,980	\$ 113,352	\$ 203,234	\$ 204,546	\$ -	\$ 1,123	\$ -	\$ 1,419,454
Receivables:													
Property tax receivable	-	689	-	-	-	-	-	-	-	-	-	-	689
Intergovernmental	-	-	-	-	-	63,955	-	-	-	-	-	-	63,955
Due from other funds	-	-	-	-	-	-	-	2,181	-	-	-	-	2,181
Total assets	3,390	46,654	4,286	-	27,578	879,935	113,352	205,415	204,546	-	1,123	-	1,486,279
<b>LIABILITIES AND FUND BALANCES</b>													
Liabilities:													
Accounts payable	-	-	-	-	-	-	5,343	16,615	-	-	-	-	21,958
Due to other funds	-	-	-	-	-	-	160	-	-	-	11,500	-	11,660
Total liabilities	-	-	-	-	-	-	5,503	16,615	-	-	11,500	-	33,618
Fund balances:													
Committed:													
Culture and recreation	-	46,654	-	-	-	-	-	-	-	-	-	-	46,654
Economic development	3,390	-	-	-	-	-	-	-	-	-	-	-	3,390
Restricted:													
Public safety	-	-	4,286	-	-	-	107,849	188,800	-	-	-	-	300,935
Economic development	-	-	-	-	-	879,935	-	-	-	-	-	-	879,935
Grant/bond purpose	-	-	-	-	27,578	-	-	-	204,546	-	(10,377)	-	221,747
Total fund balances	3,390	46,654	4,286	-	27,578	879,935	107,849	188,800	204,546	-	(10,377)	-	1,452,661
Total liabilities and fund balances	\$ 3,390	\$ 46,654	\$ 4,286	\$ -	\$ 27,578	\$ 879,935	\$ 113,352	\$ 205,415	\$ 204,546	\$ -	\$ 1,123	\$ -	\$ 1,486,279

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**SPECIAL REVENUE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2018**

	Special Revenue Funds												Total
	Pelican Landing Operating Fund	Library Fund	Municipal Fire Rebate Fund	Crime Prevention Grant Fund	Tidelands Grant Fund	Economic Development Resources Fund	Local Seized Assets Fund	Federal Seized Assets Fund	Community Development Block Grant Fund	Special Grants Fund	Mayor's Youth Council Fund	Community Development Support Grant Fund	Non-major Special Revenue Funds
<b>REVENUES</b>													
Property taxes	\$ -	\$ 86,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,623
Intergovernmental	-	-	78,226	-	358,553	329,443	182,996	115,257	82,559	-	-	-	1,147,034
Charges for services	7,920	-	-	-	-	-	-	-	-	-	559	-	8,479
Interest income	1	-	-	-	-	-	840	596	76	-	47	-	1,560
Total revenues	7,921	86,623	78,226	-	358,553	329,443	183,836	115,853	82,635	-	606	-	1,243,696
<b>EXPENDITURES</b>													
General government	-	-	-	-	-	-	-	-	-	-	10,983	-	10,983
Public safety	-	-	-	-	-	-	72,522	15,521	-	-	-	-	88,043
Culture and recreation	-	85,000	-	-	-	-	-	-	-	-	-	-	85,000
Economic development	-	-	-	-	16,807	252,565	-	-	61,373	-	-	-	330,745
Capital outlay	-	-	-	-	382,525	-	-	-	-	-	-	-	382,525
Debt service:													
Principal	-	-	68,737	-	-	-	-	-	-	-	-	-	68,737
Interest	-	-	13,018	-	-	-	-	-	-	-	-	-	13,018
Total expenditures	-	85,000	81,755	-	399,332	252,565	72,522	15,521	61,373	-	10,983	-	979,051
Excess (deficiency) of revenues over expenditures	7,921	1,623	(3,529)	-	(40,779)	76,878	111,314	100,332	21,262	-	(10,377)	-	264,645
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers in	-	27,314	-	-	-	-	-	-	475,090	-	-	-	502,404
Transfers out	(4,531)	-	(17,271)	(32,708)	-	-	-	-	-	(52,489)	-	(456,897)	(563,896)
Total other financing sources (uses)	(4,531)	27,314	(17,271)	(32,708)	-	-	-	-	475,090	(52,489)	-	(456,897)	(61,492)
Net change in fund balances	3,390	28,937	(20,800)	(32,708)	(40,779)	76,878	111,314	100,332	496,352	(52,489)	(10,377)	(456,897)	203,153
Fund balances-beginning, restated	-	17,717	25,086	32,708	68,357	803,057	(3,465)	88,468	(291,806)	52,489	-	456,897	1,249,508
Fund balances-ending	\$ 3,390	\$ 46,654	\$ 4,286	\$ -	\$ 27,578	\$ 879,935	\$ 107,849	\$ 188,800	\$ 204,546	\$ -	\$ (10,377)	\$ -	\$ 1,452,661

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Balance Sheet**  
**CAPITAL PROJECTS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2018**

	Capital Projects Funds											Total
	Natural Disaster Fund	MP Capital Projects Fund	Disater Relief Fund	1996 Public Improvement Fund	Post Office Project Fund	1998 Public Improvement Fund	1998 GO Street Bond Fund	Rejuvenation Station Fund	Sidewalk Improvement Grant Fund	Police Station Grant Fund	EUD Sewer Rehab Fund	Total Non-major Capital Project Funds
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ -	\$ 499,068	\$ -	\$ -	\$ -	\$ -	\$ 20,266	\$ (42,499)	\$ 85,020	\$ -	\$ 561,855
Receivables:												
Intergovernmental	-	-	234,444	-	-	-	-	-	45,657	-	-	280,101
Total assets	-	-	733,512	-	-	-	-	20,266	3,158	85,020	-	841,956
<b>LIABILITIES AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	-	-	86,876	-	-	-	-	-	3,158	85,020	-	175,054
Due to other funds	-	-	234,444	-	-	-	-	-	-	-	-	234,444
Total liabilities	-	-	321,320	-	-	-	-	-	3,158	85,020	-	409,498
Fund balances:												
Committed:												
Culture and recreation	-	-	-	-	-	-	-	20,266	-	-	-	20,266
Restricted:												
Grant/bond purpose	-	-	412,192	-	-	-	-	-	-	-	-	412,192
Total fund balances	-	-	412,192	-	-	-	-	20,266	-	-	-	432,458
Total liabilities and fund balances	\$ -	\$ -	\$ 733,512	\$ -	\$ -	\$ -	\$ -	\$ 20,266	\$ 3,158	\$ 85,020	\$ -	\$ 841,956

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**CAPITAL PROJECT**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2018**

	Capital Projects Funds											Total
	Natural Disaster Fund	MP Capital Projects Fund	Disater Relief Fund	1996 Public Improvement Fund	Post Office Project Fund	1998 Public Improvement Fund	1998 GO Street Bond Fund	Rejuvenation Station Fund	Sidewalk Improvement Grant Fund	Police Station Grant Fund	EUD Sewer Rehab Fund	Non-major Capital Project Funds
<b>REVENUES</b>												
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 84,247	\$ -	\$ -	\$ -	\$ 304,187	\$ 21,143	\$ -	\$ 409,577
Interest income	-	-	2,311	-	-	-	-	25	-	598	-	2,934
Micellaneous	-	-	-	-	-	-	-	82,790	-	-	-	82,790
Total revenues	-	-	2,311	-	84,247	-	-	82,815	304,187	21,741	-	495,301
<b>EXPENDITURES</b>												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	82,839	-	-	-	-	-	-	-	-	82,839
Culture and recreation	-	-	-	-	-	-	-	26,452	-	-	-	26,452
Economic development	-	-	-	-	9,961	-	-	-	-	-	-	9,961
Capital outlay	-	-	-	-	-	-	-	36,097	238,723	145,984	-	420,804
Total expenditures	-	-	82,839	-	9,961	-	-	62,549	238,723	145,984	-	540,056
Excess (deficiency) of revenues over expenditures	-	-	(80,528)	-	74,286	-	-	20,266	65,464	(124,243)	-	(44,755)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	1,226,305	1,483,870	-	-	-	-	-	206,267	565,866	5,146	3,487,454
Transfers out	(221,077)	-	-	(26,447)	(678,805)	(33,373)	(107,359)	-	-	-	-	(1,067,061)
Total other financing sources (uses)	(221,077)	1,226,305	1,483,870	(26,447)	(678,805)	(33,373)	(107,359)	-	206,267	565,866	5,146	2,420,393
Net change in fund balances	(221,077)	1,226,305	1,403,342	(26,447)	(604,519)	(33,373)	(107,359)	20,266	271,731	441,623	5,146	2,375,638
Fund balances-beginning, restated	221,077	(1,226,305)	(991,150)	26,447	604,519	33,373	107,359	-	(271,731)	(441,623)	(5,146)	(1,943,180)
Fund balances-ending	\$ -	\$ -	\$ 412,192	\$ -	\$ -	\$ -	\$ -	\$ 20,266	\$ -	\$ -	\$ -	\$ 432,458



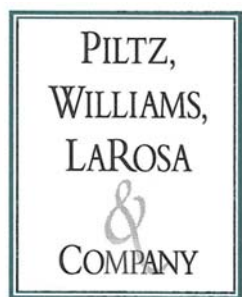
**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Balance Sheet**  
**DEBT SERVICE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2018**

	Debt Service Funds				
	Loan Repayment Fund	School Bond Redemption Fund	2013 GO Bond Fund	2010 Public Improvement Fund	Total Non-major Debt Service Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 150,941	\$ 35,819	\$ 186,760
Receivables:					
Property taxes	-	-	-	-	-
Total assets	-	-	150,941	35,819	186,760
<b>FUND BALANCES</b>					
Restricted:					
Debt service	-	-	150,941	35,819	186,760
Total fund balances	\$ -	\$ -	\$ 150,941	\$ 35,819	\$ 186,760

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**DEBT SERVICE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2018**

	Debt Service Funds				
	Loan	School		2010	Total
	Repayment	Bond	2013	Public	Non-major
	Fund	Redemption	GO Bond	Improvement	Debt Service
	Fund	Fund	Fund	Fund	Funds
<b>REVENUES</b>					
Interest income	\$ -	\$ -	\$ 156	\$ -	\$ 156
Total revenues	-	-	156	-	156
<b>OTHER FINANCING</b>					
<b>SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(98,420)	(97,222)	-	-	(195,642)
Total other financing sources (uses)	(98,420)	(97,222)	-	-	(195,642)
Net change in fund balances	(98,420)	(97,222)	156	-	(195,486)
Fund balances-beginning	98,420	97,222	150,785	35,819	382,246
Fund balances-ending	\$ -	\$ -	\$ 150,941	\$ 35,819	\$ 186,760

SECTION III  
COMPLIANCE SECTION



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## **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***

May 7, 2021

To the Mayor and Board of Alderman  
City of 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 City of Moss Point, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Moss Point, Mississippi's basic financial statements, and have issued our report thereon dated May 7, 2021.

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

In planning and performing our audit of the financial statements, we considered 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 City of Moss Point, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Moss Point, Mississippi's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did identify two significant deficiencies in internal control that we consider to be material weaknesses. Findings 2018-001 and 2018-002 were material weaknesses and Findings 2018-003 and Findings 2018-004 were significant deficiencies. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

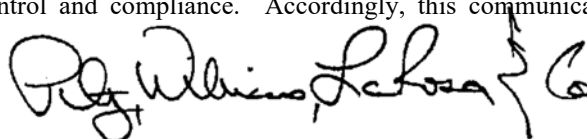
As part of obtaining reasonable assurance about whether City of Moss Point, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These compliance findings are numbered 2018-005 and 2018-006.

### **City of Moss Point, Mississippi's Response to Findings**

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

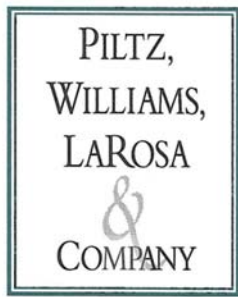
### **Purpose of this Report**

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



Certified Public Accountants

Biloxi, Mississippi  
May 7, 2021



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To the Mayor and City Council  
City of Moss Point, Mississippi

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

John D. Prentiss, CPA  
Eric B. Bland, CPA  
David C. Neumann, CPA, CBA  
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**Report on Compliance for Each Major Federal Program**

We have audited the City of Moss Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Moss Point, Mississippi's major federal programs for the year ended September 30, 2018. City of Moss Point, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City of Moss Point, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

**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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

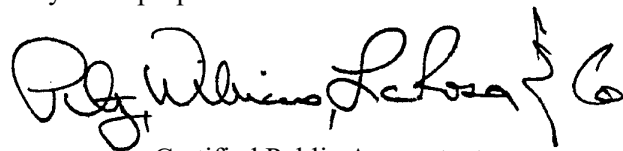
Accordingly, we do not express an opinion on the effectiveness of the City of Moss Point, Mississippi's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006 that we consider to be material weaknesses.

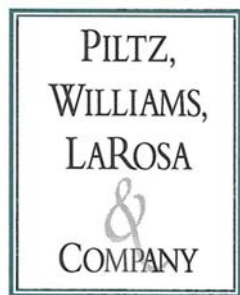
Management of the City of Moss Point, Mississippi's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Management of the City of Moss Point, Mississippi's response was not subjected to the auditing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

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.

A handwritten signature in black ink, appearing to read "R. J. Williams & Co.", followed by a stylized flourish or symbol.

Certified Public Accountants

Biloxi, Mississippi  
May 7, 2021



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## **LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

To the Mayor and City Council  
City of Moss Point, Mississippi

In planning and performing our audit of the financial statements of the City of Moss Point, Mississippi for the year ended September 30, 2018, we considered the City of Moss Point, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Moss Point, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 7, 2021, on the financial statements of the City of Moss Point, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

This report is intended for the information and use of management, the city council, and others within the entity 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.



COMPLIANCE  
SUPPLEMENTAL INFORMATION

**CITY OF MOSS POINT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2018**

Federal Grantor/ Passed-through Grantor/ Program Title or Cluster	Federal CFDA Number	Grant No. / Pass-Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through the Mississippi Development Authority			
Community Development Block Grant	14.218	B13MC28004	\$ 1,232
Community Development Block Grant	14.218	B15MC28004	36,985
Community Development Block Grant	14.218	B17MC28004	21,902
Community Development Block Grant	14.218	B18MC28004	321,838
Community Development Block Grant	14.228	R-109-166-04-KCR	145,984
Community Development Block Grant	14.228	R-109-268-04-KCR	321,838
Total U.S. Department of Housing and Urban Development			<u>849,779</u>
U.S. Department of Interior			
Passed through the Mississippi Department of Marine Resources			
National Heritage Area Federal Financial Assistance	15.939	N/A	<u>11,495</u>
Total U.S. Department of Interior			<u>11,495</u>
U.S. Department of Justice - Office of Justice Programs/			
Passed through the Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0898	<u>16,945</u>
Total U.S. Department of Justice			<u>16,945</u>
U.S. Department of Transportation			
Passed through the Mississippi Department of Public Safety			
Highway Planning and Construction	20.205	STP-9390-00(008)LPA	<u>175,428</u>
Total U. S. Department of Transportation			<u>175,428</u>
Executive Office of the President			
High Intensity Drug Trafficking Area	95.001	N/A	<u>7,966</u>
Total Executive Office of the President			<u>7,966</u>
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	1604-DR-MS PW2820	<u>343,992</u>
Total Executive Office of the President			<u>343,992</u>
Total Expenditures of Federal Awards			<u>\$ 1,405,605</u>

**CITY OF MOSS POINT**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2018**

*Note 1 – Basis of Presentation*

This schedule includes the federal award activity of the City of Moss Point, Mississippi (the “City”) under programs of the federal government of the year ended September 30, 2020. 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 Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents on a selected portion of the operations of the City, it is not intended to and does not present the financial position, or changes in net assets of the City.

*Note 2 – Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on same basis of accounting and significant accounting policies, as applicable, used for the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

*Note 3 – Indirect Cost Rate*

The City has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

*Note 4 – Subrecipients*

No awards were passed through to subrecipients.

**CITY OF MOSS POINT**  
**Schedule of Surety Bonds for City Officials**  
**September 30, 2018**

Position	Surety	Bond
Mayor	Travelers	\$ 50,000
Aldermen (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 Assistant	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

**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2018**

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

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

Community Development Block Grants/Entitlement Grants	14.228
---	--------
8. The dollar threshold used to distinguish between Type A and Type B Programs was \$750,000.
9. The auditee does not qualify as a low-risk auditee.

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

**2018-001 Material Weakness**

*Condition*

Currently, grant monitoring is performed by each department head. In addition, the City has contracts with various 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.

**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2018**

*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 had hired an experienced person to fill the City Accountant position and she has begun work to improve financial reporting and tracking. As of the date of this report the City Accountant had resigned and the city is utilizing the services of an outside accounting firm to prepare reports for the city and oversee financial reporting.

**2018-002 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.

**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2018**

*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. This is a continuation of a finding from the previous year. While the city had improved this finding, the resignation of the City Accountant could cause further problems if proper segregation of duties are not adhered to through the hiring of additional competent accounting staff to handle the day-to-day accounting functions that cannot be controlled by the outside firm hired to assist with accounting and reporting.

**2018-003 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**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2018**

**Finding 2018-004 - Significant Deficiency**

*Condition:*

The auditor discovered that the City Accountant prior to the current City Accountant lacked an understanding of governmental accounting.

*Effect:*

The previous City Accountant merged the activity of several funds into the General Fund. While some of the mergers were acceptable, some of the funds merged into the General Fund were required to be in separate funds by statute. The funds were tracked through their own departments in the General Fund; however this caused the General Fund to be distorted. The new City Accountant worked to try to correct this, but it was ultimately fixed by the firm hired to oversee accounting and reporting for the City.

*Cause:*

The previous City Clerk and City Accountant were hired without sufficient governmental accounting knowledge or experience and had no one else within the city to oversee their work on a day-to-day basis.

*Criteria:*

The City should hire a sufficient number of qualified accountants with governmental accounting knowledge to work in the accounting department.

*Recommendation:*

While the City had hired a qualified governmental accountant to take over the role as City Accountant, that person has since resigned. The City has hired an accounting firm to oversee accounting and reporting for the city, but a City Accountant is still needed to oversee day-to-day operations of the accounting department.

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

**Finding 2018-005**

*Condition:*

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

*Effect:*

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

*Cause:*

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

*Criteria:*

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

*Recommendation:*

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



**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2018**

**Finding 2018-006**

*Condition:*

The federal reporting deadline for the City's 2017 Single Audit Reporting Package was June 30, 2019; however, as of September 30, 2018, the City has not issued its Single Audit Reporting Package for the fiscal year ended September 30, 2017.

*Effect:*

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

*Cause:*

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

*Criteria:*

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

*Recommendation:*

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

*Response:*

The City's Single Audit reporting package for the fiscal year ended September 30, 2017 was submitted July 30, 2019.

**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2018**

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

**2017-001 Material Weakness**

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

**Status:** Issue resolution in process.

**2017-002 Material Weakness**

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

**Status:** Issue resolution in process.

**2017-003 Material Weakness**

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

**Status:** Issue resolved. The City no longer collects its taxes. Tax collection has been turned over to the County.

**2017-004 Significant Deficiency**

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

**Status:** Issue resolution in process.

**2017-005**

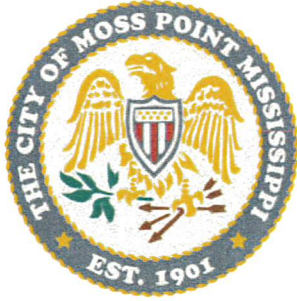
The City did not obtain verification of contractors compliance with suspension and debarment requirements for one of the three construction contracts entered into for the project.

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

**2017-006**

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

**Status:** Issue resolved.



**City of Moss Point**  
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June 2, 2021

**CORRECTIVE ACTION PLAN  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
SINGLE AUDIT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2018**

2018-005

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

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.

2018-006

Finding: Audit reports were not prepared and tiled 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.

Sincerely,

Tricia L. Thigpen  
City Clerk