

## 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.

**CITY OF MOSS POINT, MISSISSIPPI**  
**ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2019**

CITY OF MOSS POINT, MISSISSIPPI  
ANNUAL FINANCIAL REPORT  
September 30, 2019  
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SECTION I  
INTRODUCTORY SECTION



CITY OF MOSS POINT, MISSISSIPPI  
Listing of City Officials as of September 30, 2019

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



**Wolfe • McDuff & Oppie**  
CERTIFIED PUBLIC ACCOUNTANTS  
(A Professional Association)

Michelle Oppie Gist, CPA

Julia Whitley Johnson, CPA

Jesse J. Wolfe, CPA (1927-2009)

Grover B. McDuff, CPA (1923-2016)

Jack A. Oppie, CPA (1960-2014)

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## INDEPENDENT AUDITORS' REPORT

May 27, 2022

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 the City of Moss Point, Mississippi, as of and for the year ended September 30, 2019, 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.

#### *Membership in:*

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants  
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



America Counts on CPAs



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10, budgetary comparison information on pages 53-54 and the schedule of changes in the City's net pension and related ratios schedule on pages 55-58 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, 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 (CFR) 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 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 schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In addition, the State of Mississippi requires 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 73. 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022, 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 the 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 27, 2022, 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.

*Wolfe, McDuff + Oppie*

Pascagoula, Mississippi

May 27, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS



**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2019**  
**(UNAUDITED)**

**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, 2019. 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, 2019, by \$42,826,626.
- The total net position increased by \$3,847,609. Of this amount an increase of \$1,127,366 was associated with governmental activities and an increase of \$2,720,243 with business-type activities.
- \$11,501,233 of the City's governmental activities net position was reclassified to business-type activities in year ended 2019 and a net of \$662,821 prior period adjustment was decreased from net position from the prior year for transactions not booked.
- The \$7,866,239 million deficit in unrestricted governmental net position can largely be explained by the City's unfunded net pension liability of \$9,822,654.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,897,735, an increase of \$1,194,578 in comparison with the prior year's fund balance of \$3,703,157, as restated.
- At year end, the business-type activities had a \$983,224 deficit in cash and a \$2,139,683 payable to the governmental activities.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,415,097 or 43% 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, 2019**  
**(UNAUDITED)**

**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 no major governmental funds. Information is presented separately in the other supplementary information section for details of each special revenue, capital projects and debt service funds.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2019**  
**(UNAUDITED)**

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

➤ **Proprietary Fund**

The City maintains one type 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 Funds.

*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, 2019 and 2018**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets*	\$ 11,334,302	\$ 10,562,021	\$ 1,424,949	\$ 381,576	\$ 12,759,251	\$ 10,943,597
Noncurrent assets	32,964,710	33,703,384	36,426,708	34,746,781	69,391,418	68,450,165
Total assets	<u>44,299,012</u>	<u>44,265,405</u>	<u>37,851,657</u>	<u>35,128,357</u>	<u>82,150,669</u>	<u>79,393,762</u>
<b>Deferred Outflows</b>						
Deferred amount on pensions	280,428	296,124	-	9,159	280,428	305,283
Total deferred outflows	<u>280,428</u>	<u>296,124</u>	<u>-</u>	<u>9,159</u>	<u>280,428</u>	<u>305,283</u>
<b>Liabilities</b>						
Current liabilities	1,171,893	2,714,728	3,962,175	1,522,209	5,134,068	4,236,937
Noncurrent liabilities*	14,766,956	26,354,374	12,605,204	3,434,706	27,372,160	29,789,080
Total liabilities	<u>15,938,849</u>	<u>29,069,102</u>	<u>16,567,379</u>	<u>4,956,915</u>	<u>32,506,228</u>	<u>34,026,017</u>
<b>Deferred Inflows</b>						
Deferred property tax revenue	5,069,579	4,349,252	-	-	5,069,579	4,349,252
Deferred amount on pensions	2,028,664	1,670,281	-	51,658	2,028,664	1,721,939
Total deferred inflows	<u>7,098,243</u>	<u>6,019,533</u>	<u>-</u>	<u>51,658</u>	<u>7,098,243</u>	<u>6,071,191</u>
<b>Net position</b>						
Net investment in capital assets*	27,883,447	16,049,576	22,681,160	31,391,504	50,564,607	47,441,080
Restricted	1,525,140	1,905,821	-	-	1,525,140	1,905,821
Unrestricted*	(7,866,239)	(8,482,503)	(1,396,882)	(1,262,561)	(9,263,121)	(9,745,064)
Total net position	<u>\$ 21,542,348</u>	<u>\$ 9,472,894</u>	<u>\$ 21,284,278</u>	<u>\$ 30,128,943</u>	<u>\$ 42,826,626</u>	<u>\$ 39,601,837</u>

\* restated

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2019**  
**(UNAUDITED)**

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

At September 30, 2019 and 2018 the City's assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$42,826,626 and \$39,601,837, 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 was \$50,564,607 in 2019. 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 \$9,263,121 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, 2019 and 2018**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues						
Program revenues						
Charges for services	\$ 701,488	\$ 432,408	\$ 11,025,407	\$ 9,306,452	\$ 11,726,895	\$ 9,738,860
Operating grants	179,517	159,733	-	-	179,517	159,733
Capital grants	756,030	1,396,650	3,233,133	321,838	3,989,163	1,718,488
Total program revenues	1,637,035	1,988,791	14,258,540	9,628,290	15,895,575	11,617,081
General revenues						
Property taxes	4,535,198	4,751,902	-	-	4,535,198	4,751,902
Sales taxes	2,402,840	2,422,079	-	-	2,402,840	2,422,079
Franchise taxes	1,092,463	972,936	-	-	1,092,463	972,936
Other	872,957	977,876	102,603	32,690	975,560	1,010,566
Total general revenues	8,903,458	9,124,793	102,603	32,690	9,006,061	9,157,483
Total revenues	10,540,493	11,113,584	14,361,143	9,660,980	24,901,636	20,774,564
Program expenditures						
General government	2,430,789	2,616,246	-	-	2,430,789	2,616,246
Public safety	4,517,283	4,668,084	-	-	4,517,283	4,668,084
Public works	1,082,396	2,016,799	-	-	1,082,396	2,016,799
Culture and recreation	426,049	657,738	-	-	426,049	657,738
Economic development	775,622	769,643	-	-	775,622	769,643
Solid waste	-	-	-	-	-	-
Interest	180,978	555,331	-	-	180,978	555,331
Moss Point public utilities	-	-	11,640,910	9,559,755	11,640,910	9,559,755
KCR sanitary project fund	-	-	-	-	-	-
Total program expenditures	9,413,117	11,283,841	11,640,910	9,559,755	21,054,027	20,843,596
Change in net position before transfers	1,127,376	(170,257)	2,720,233	101,225	3,847,609	(69,032)
Transfers	(10)	(321,242)	10	321,242	-	-
Change in net position	1,127,366	(491,499)	2,720,243	422,467	3,847,609	(69,032)
Beginning net position	9,472,894	13,061,938	30,128,943	27,780,581	39,601,837	40,842,519
Prior period adjustments/reclass	10,942,088	(3,097,545)	(11,564,908)	1,925,895	(622,820)	(1,171,650)
Beginning net position, restated	20,414,982	9,964,393	18,564,035	29,706,476	38,979,017	39,670,869
Ending net position	\$ 21,542,348	\$ 9,472,894	\$ 21,284,278	\$ 30,128,943	\$ 42,826,626	\$ 39,601,837

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2019**  
**(UNAUDITED)**

**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 \$4,897,735 an increase of \$1,194,578 in comparison with the prior year as restated. 69% or \$3,371,756 of this combined total is unassigned, while \$1,439,727 is restricted by outside sources, \$840 is committed by the Board of Alderman for specific purposes and \$85,412 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 2019, the general fund's unassigned fund balance represents 43% of total general fund expenditures.

➤ 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 \$26,280 from the general fund represent the portion of the project costs that is the City's match. The operating transfers from the non-major funds in the amount of \$1,403,180 represents funds that have been closed into the general fund.

*Proprietary Funds*

Moss Point Public Utilities Fund had a decrease in net position totaling \$512,900 at the end of 2019 and the KCR Sanitary Sewer Project fund had an increase of \$3,233,143 for the year resulting in a net increase in proprietary funds of \$2,720,243 for the year ended September 30, 2019.

**Budget Variances in the General Fund**

Budget amendments were made to the original budget as published in fiscal year 2019. Refer to the budgetary comparison schedule for the General Fund on page 53-54 in the RSI section of the annual report.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2019**  
**(UNAUDITED)**

**Capital Asset and Debt Obligations**

*Capital Asset Activity*

At September 30, 2019, the City reported \$32,964,710 in net capital assets for governmental activities and \$36,426,708 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>	
	2019	2018	2019	2018	2019	2018
Land and Construction in progress	\$ 2,091,426	\$ 2,473,950	\$ 3,598,203	\$ 365,070	\$ 5,689,629	\$ 2,839,020
Buildings and improvements	14,540,702	14,586,813	3,380,688	3,634,261	17,921,390	18,221,074
Infrastructure	14,841,755	15,464,956	29,430,168	30,384,966	44,271,923	45,849,922
Machinery and equipment	1,071,301	824,444	17,648	362,484	1,088,949	1,186,928
Property under capital leases	419,526	353,221	-	-	419,526	353,221
Total	<u>\$ 32,964,710</u>	<u>\$ 33,703,384</u>	<u>\$ 36,426,707</u>	<u>\$ 34,746,781</u>	<u>\$ 69,391,417</u>	<u>\$ 68,450,165</u>

*Debt Obligations*

At the end of the current fiscal year, the City had \$18,826,811 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>	
	2019	2018	2019	2018	2019	2018
General Obligation Bond	\$ 1,950,000	\$ 2,060,000	\$ -	\$ -	\$ 1,950,000	\$ 2,060,000
Special Obligation Bond	1,915,000	2,050,000	-	-	1,915,000	2,050,000
Notes Payable*	957,955	12,639,810	13,745,548	3,355,277	14,703,503	15,995,087
Leases Payable	258,308	247,343	-	-	258,308	247,343
Total	<u>\$ 5,081,263</u>	<u>\$ 16,997,153</u>	<u>\$ 13,745,548</u>	<u>\$ 3,355,277</u>	<u>\$ 18,826,811</u>	<u>\$ 20,352,430</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, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,270,039	\$ 10	\$ 2,270,049
Receivables			
Taxes receivable	5,406,088	-	5,406,088
Intergovernmental receivables	614,614	925,711	1,540,325
Accounts receivable, net of allowances for uncollectible	818,466	2,638,911	3,457,377
Prepaid items	85,412	-	85,412
Interfund	2,139,683	(2,139,683)	-
Total current assets	11,334,302	1,424,949	12,759,251
Capital assets:			-
Non-depreciable	2,091,426	3,598,203	5,689,629
Depreciable, net of accumulated depreciation	30,873,284	32,828,505	63,701,789
Total capital assets	32,964,710	36,426,708	69,391,418
Total assets	44,299,012	37,851,657	82,150,669
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on pension	280,428	-	280,428
Total deferred outflows of resources	280,428	-	280,428
<b>LIABILITIES</b>			
Current liabilities:			
Cash overdraft - pooled cash	-	983,224	983,224
Accounts payable	269,063	1,319,981	1,589,044
Accrued wages payable and other liabilities	196,832	-	196,832
Accrued interest	48,937	-	48,937
Unearned revenue	53,802	5,538	59,340
Due to other governments	28,825	-	28,825
Long-term liabilities (due within one year)			
Bonds payable	255,000	-	255,000
Notes payable	147,638	1,140,344	1,287,982
Capital leases payable	62,428	-	62,428
Compensated absences	109,368	-	109,368
Payable from restricted assets:			
Customer deposits	-	513,088	513,088
Total current liabilities	1,171,893	3,962,175	5,134,068
Noncurrent liabilities:			
Long-term debt:			
Bonds payable	3,610,000	-	3,610,000
Notes payable	810,317	12,605,204	13,415,521
Capital leases payable	195,880	-	195,880
Compensated absences	328,105	-	328,105
Net pension liability	9,822,654	-	9,822,654
Total noncurrent liabilities	14,766,956	12,605,204	27,372,160
Total liabilities	15,938,849	16,567,379	32,506,228
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	5,069,579	-	5,069,579
Deferred amount on pension	2,028,664	-	2,028,664
Total deferred inflows of resources	7,098,243	-	7,098,243
<b>NET POSITION</b>			
Net investment in capital assets	27,883,447	22,681,160	50,564,607
Restricted - nonspendable	85,412	-	85,412
Restricted for:			
Public safety	352,472	-	352,472
Economic development	135,132	-	135,132
Debt service	560,652	-	560,652
Grant/bond purposes	391,472	-	391,472
Unrestricted	(7,866,239)	(1,396,882)	(9,263,121)
Total net position	\$ 21,542,348	\$ 21,284,278	\$ 42,826,626



**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2019**

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	\$ 2,430,789	\$ 457,221	\$ -	\$ -	\$ (1,973,568)	\$ -	\$ (1,973,568)
Public safety	4,517,283	195,619	20,764	369,117	(3,931,783)	-	(3,931,783)
Public works	1,082,396	-	-	386,913	(695,483)	-	(695,483)
Culture and recreation	426,049	42,748	158,753	-	(224,548)	-	(224,548)
Economic development	775,622	5,900	-	-	(769,722)	-	(769,722)
Interest and bond costs	180,978	-	-	-	(180,978)	-	(180,978)
Total governmental activities	9,413,117	701,488	179,517	756,030	(7,776,082)	-	(7,776,082)
<b>Business-type activities:</b>							
Moss Point Public Utility fund	11,640,910	11,025,407	-	-		(615,503)	(615,503)
KCR Sanitary Sewer Project fund	-	-	-	3,233,133		3,233,133	3,233,133
Total business-type activities	11,640,910	11,025,407	-	3,233,133		2,617,630	2,617,630
Total	\$ 21,054,027	\$ 11,726,895	\$ 179,517	\$ 3,989,163		2,617,630	(5,158,452)
General revenues:							
Property taxes, general purpose					4,034,012	-	4,034,012
Property taxes, special purpose					494,611	-	494,611
Property taxes, in lieu					6,575	-	6,575
Sales taxes					2,402,840	-	2,402,840
Franchise taxes					1,092,463	-	1,092,463
Road and bridge taxes					513,524	-	513,524
Grants and contributions not restricted					309,234	-	309,234
Interest earnings					14,009	904	14,913
Other					36,190	101,699	137,889
Total general revenues before transfers					8,903,458	102,603	9,006,061
Transfers					(10)	10	-
Total general revenues and transfers					8,903,448	102,613	9,006,061
Change in net position					1,127,366	2,720,243	3,847,609
Net position-beginning, restated					20,414,982	18,564,035	38,979,017
Net position-ending					\$ 21,542,348	\$ 21,284,278	\$ 42,826,626

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, 2019**

	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 964,556	\$ 1,305,483	\$ 2,270,039
Receivables, net, where applicable:			
Property taxes	5,110,296	4,831	5,115,127
Franchise taxes	290,961	-	290,961
Intergovernmental	339,914	274,700	614,614
Court fines & fees	818,466	-	818,466
Due from other funds	2,216,571	91,490	2,308,061
Prepaid items	85,412	-	85,412
Total assets	<u>9,826,176</u>	<u>1,676,504</u>	<u>11,502,680</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	165,685	103,378	269,063
Accrued wages payable and other liabilities	196,832	-	196,832
Unearned revenue	-	53,802	53,802
Due to other governments	-	28,825	28,825
Due to other funds	48,260	120,118	168,378
Total liabilities	<u>410,777</u>	<u>306,123</u>	<u>716,900</u>
Deferred inflows of resources:			
Deferred property tax revenue	5,069,579	-	5,069,579
Deferred court fine revenue	818,466	-	818,466
Total deferred inflows of resources	<u>5,888,045</u>	<u>-</u>	<u>5,888,045</u>
Fund balances:			
Nonspendable:			
Prepaid items	85,412	-	85,412
Committed:			
Culture and recreation	-	840	840
Restricted for:			
Public safety	-	352,472	352,472
Economic development	26,845	108,287	135,132
Debt service	-	560,652	560,652
Grant/bond purposes	-	391,472	391,472
Unassigned	3,415,097	(43,342)	3,371,755
Total fund balances	<u>3,527,354</u>	<u>1,370,381</u>	<u>4,897,735</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,826,176</u>	<u>\$ 1,676,504</u>	<u>\$ 11,502,680</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Reconciliation of the Governmental Funds to the Statement of Net Position**  
**September 30, 2019**

Total governmental funds balance	\$ 4,897,735
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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	\$ 58,683,726	
Less: accumulated depreciation	<u>(25,719,016)</u>	32,964,710

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	(5,081,263)	
Compensated absences	(437,473)	
Net pension liability	(9,822,654)	

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

818,466

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	(1,748,236)	
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Net position of governmental activities

	<u>\$ 21,542,348</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, 2019**

	<b>General Fund</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 4,061,194	\$ 474,004	\$ 4,535,198
Franchise taxes	1,092,463	-	1,092,463
Fines and fees	155,276	-	155,276
Licenses and permits	62,914	-	62,914
Intergovernmental	3,133,940	1,027,205	4,161,145
Charges for services	437,055	5,900	442,955
Interest income	8,184	5,825	14,009
Miscellaneous	32,110	4,080	36,190
Total revenues	<u>8,983,136</u>	<u>1,517,014</u>	<u>10,500,150</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,214,085	-	2,214,085
Public safety	4,480,124	80,816	4,560,940
Public works	384,828	-	384,828
Culture and recreation	287,391	107,414	394,805
Economic development	212,082	468,602	680,684
Capital outlay	155,850	355,575	511,425
Debt service:			
Principal	191,848	280,069	471,917
Interest	33,298	147,681	180,979
Total expenditures	<u>7,959,506</u>	<u>1,440,157</u>	<u>9,399,663</u>
Excess (deficiency) of revenues over expenditures	<u>1,023,630</u>	<u>76,857</u>	<u>1,100,487</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	94,101	-	94,101
Transfers in	1,414,680	37,780	1,452,460
Transfers out	(37,790)	(1,414,680)	(1,452,470)
Total other financing sources (uses)	<u>1,470,991</u>	<u>(1,376,900)</u>	<u>94,091</u>
Net change in fund balances	2,494,621	(1,300,043)	1,194,578
Fund balances-beginning restated	1,032,733	2,670,424	3,703,157
Fund balances-ending	<u>\$ 3,527,354</u>	<u>\$ 1,370,381</u>	<u>\$ 4,897,735</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, 2019**

Net change in fund balances - total governmental funds \$ 1,194,578

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	511,425	
Depreciation	<u>(1,585,029)</u>	(1,073,604)

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	40,343
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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.

Proceeds from capital lease	(94,101)
Repayment of principal	471,917

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	1,151,281	
Change in compensated absences	(231,521)	
Change in deferred inflows and outflows of resources		
Deferred amounts on pension	<u>(331,527)</u>	<u>588,233</u>

Change in net position of governmental activities	<u><u>\$ 1,127,366</u></u>
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## PROPRIETARY FUND FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Net Position**  
**PROPRIETARY FUNDS**  
**September 30, 2019**

	<b>Moss Point Public Utilities Fund</b>	<b>KCR Sanitary Sewer Project Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash	\$ -	\$ 10	\$ 10
Accounts receivable, net	2,638,911	-	2,638,911
Grant receivable	-	925,711	925,711
Total current assets	<u>2,638,911</u>	<u>925,721</u>	<u>3,564,632</u>
Noncurrent assets			
Capital assets:			
Nondepreciable	43,232	3,554,971	3,598,203
Depreciable, net of accumulated depreciation	<u>32,828,505</u>	<u>-</u>	<u>32,828,505</u>
Total noncurrent assets	<u>32,871,737</u>	<u>3,554,971</u>	<u>36,426,708</u>
Total assets	<u>35,510,648</u>	<u>4,480,692</u>	<u>39,991,340</u>
<b>LIABILITIES</b>			
Current liabilities:			
Cash overdraft - pooled cash fund	983,224	-	983,224
Accounts and retainage payable	394,270	925,711	1,319,981
Accrued wages payable and other liabilities	-	-	-
Due to other funds	2,139,683	-	2,139,683
Unearned revenue	5,538	-	5,538
Long-term debt:			
Notes payable	1,140,344	-	1,140,344
Payable from restricted assets:			
Customer deposits	<u>513,088</u>	<u>-</u>	<u>513,088</u>
Total current liabilities	<u>5,176,147</u>	<u>925,711</u>	<u>6,101,858</u>
Noncurrent Liabilities			
Notes payable	<u>12,605,204</u>	<u>-</u>	<u>12,605,204</u>
Total noncurrent liabilities	<u>12,605,204</u>	<u>-</u>	<u>12,605,204</u>
Total liabilities	<u>17,781,351</u>	<u>925,711</u>	<u>18,707,062</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,126,189	3,554,971	22,681,160
Unrestricted	<u>(1,396,892)</u>	<u>10</u>	<u>(1,396,882)</u>
Total net position	<u>\$ 17,729,297</u>	<u>\$ 3,554,981</u>	<u>\$ 21,284,278</u>



**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<b>Moss Point Public Utilities Fund</b>	<b>KCR Sanitary Sewer Project Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 11,025,407	\$ -	\$ 11,025,407
Miscellaneous	101,699	-	101,699
Total operating revenues	<u>11,127,106</u>	<u>-</u>	<u>11,127,106</u>
<b>OPERATING EXPENSES</b>			
Administrative expenses	473,644	-	473,644
Professional contracts	3,386,361	-	3,386,361
Wastewater treatment	3,532,716	-	3,532,716
Natural gas purchases	616,215	-	616,215
Waste collection	917,381	-	917,381
Utilities	679,892	-	679,892
Other supplies and materials	21,236	-	21,236
Other contractual services	360,636	-	360,636
Total operating expenses	<u>9,988,081</u>	<u>-</u>	<u>9,988,081</u>
Operating income (loss) before depreciation	1,139,025	-	1,139,025
Depreciation expense	<u>1,218,276</u>	<u>-</u>	<u>1,218,276</u>
Operating income (loss)	<u>(79,251)</u>	<u>-</u>	<u>(79,251)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Transfers in(out)	-	10	10
Grant revenue	-	3,233,133	3,233,133
Interest income	904	-	904
Interest expense	(434,553)	-	(434,553)
Total non-operating revenues (expenses)	<u>(433,649)</u>	<u>3,233,143</u>	<u>2,799,494</u>
Change in net position	(512,900)	3,233,143	2,720,243
Net position-beginning, restated	18,242,197	321,838	18,564,035
Net position-ending	<u>\$ 17,729,297</u>	<u>\$ 3,554,981</u>	<u>\$ 21,284,278</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	<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	\$ 10,210,239	\$ -	\$ 10,210,239
Receipts from miscellaneous sources	101,699	-	101,699
Payments for other goods and services	(9,602,899)	925,711	(8,677,188)
Net cash from operating activities	<u>709,039</u>	<u>925,711</u>	<u>1,634,750</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund loans, repayments and transfers	621,083	10	621,093
Receipt of grant revenues	-	2,307,422	2,307,422
Net cash from non-capital financing activities	<u>621,083</u>	<u>2,307,432</u>	<u>2,928,515</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	(3,233,133)	(3,233,133)
Bond principal payments	(1,147,748)	-	(1,147,748)
Interest and amortization expense	(434,553)	-	(434,553)
Net cash from capital and related financing activities	<u>(1,582,301)</u>	<u>(3,233,133)</u>	<u>(4,815,434)</u>
<b>CASH FLOWS FROM INESTING ACTIVITIES</b>			
Restricted customer deposits	(68,670)	-	(68,670)
Interest income	904	-	904
Net cash from investing activities	<u>(67,766)</u>	<u>-</u>	<u>(67,766)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(319,945)</u>	<u>10</u>	<u>(319,935)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>(663,279)</u>	<u>-</u>	<u>(663,279)</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u><u>\$ (983,224)</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ (983,214)</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (79,251)	\$ -	\$ (79,251)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	1,218,276	-	1,218,276
(Increase) decrease in:			
Receivables	(802,411)	-	(802,411)
Increase (decrease) in:			
Accounts payable	385,182	925,711	1,310,893
Unearned revenue	(12,757)	-	(12,757)
Customer deposits	-	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u><u>\$ 709,039</u></u>	<u><u>\$ 925,711</u></u>	<u><u>\$ 1,634,750</u></u>
<b>INTEREST PAID</b>	<u><u>\$ (434,553)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (434,553)</u></u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Statement of Assets and Liabilities**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

		Tax Collector Clearing Fund	Total
Assets			
Cash	\$	48,453	48,453
Total Assets		<u>48,453</u>	<u>48,453</u>
Liabilities			
Accounts payable		48,453	48,453
Total Liabilities	\$	<u>48,453</u>	<u>48,453</u>
Net Position			
Held in trust for benefits and other purposes	\$	<u>-</u>	<u>-</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**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, 2019.

**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, 2019**

**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, 2019**

**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.

Fiduciary funds are those used to account for funds held by the City in trust for others that cannot be used to support the City's programs.

**B. Fund Types and Major Funds**

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are a least 10 percent of the corresponding total for all funds of that category or type, and
2. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is a least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following 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.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

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

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.

*KCR Sanitary Sewer Project Fund* – The KCR Sanitary Sewer Project fund accounts for grant revenues received from the federal government for improvements to the sewer system within the City.

Non-major Governmental Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, (other than debt service or capital projects) as follows:

- CDBG Program Income Fund
- Library Fund
- Municipal Fire Rebate Fund
- Tidelands Grant Fund
- Economic Development Resources Fund
- Local Seized Assets Fund
- Federal Seized Assets Fund
- Community Development Block Grant Fund
- Mayor's Youth Council Fund
- Community Development Support Grant Fund

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than enterprise debt. Currently, there are three debt service funds, the Bond Redemption fund, 2013 GO Bond Fund, and the 2010 Public Improvement Bond Fund.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). Currently, there are two capital projects funds, the Rejuvenation Station Fund and the Disaster Relief Fund.

Fiduciary Funds

The Tax Collector Clearing fund is used to account for assets held by the City in a trustee capacity or as an agent for other governmental units.



**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

**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.

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. 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, 2019. 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.

In January 2018, the GASB issued Statement No. 84, *Fiduciary Activities*. The provisions of GASB 84 are effective for fiscal years beginning after December 15, 2019. 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 2018, 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 2019, 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, 2019.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

**D. New Accounting Pronouncements for Future Implementation**

In June 2019, 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.

**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. Receivables**

All trade receivables are reported net of an allowance for uncollectible amounts, where applicable. Unbilled charges are accrued as receivables and revenue at September 30, 2019.

**C. Allowance for Uncollectible Accounts**

An allowance for uncollectible amounts relates to the estimated uncollectible balance of the revenues earned or accrued that have been included in accounts receivable at year end. An allowance is recorded on receivable balances based on historical bad debt experience related to the nature of each receivable balance.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

**D. 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.

**E. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are reported as nonspendable fund balance in the Governmental Fund Types.

**F. 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.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

**G. 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.

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

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

**H. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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.

**I. 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, 2019.

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.

**J. 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, 2019, the City reported deferred outflows pertaining to pensions of \$280,428.

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, 2019, the City reported deferred inflows pertaining to pensions of \$2,028,664 and deferred property tax revenue of \$5,069,579.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

**K. Postemployment Benefits Other than Pensions (OPEB) and Pensions**

**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.

**L. 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.

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.

The City does not have a minimum fund balance policy.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

**M. 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.

Unrestricted net position is all other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt." Unrestricted net position represents the net position available for future operations.

The City has various restrictions placed over certain revenue sources from federal, state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source:</u>	<u>Legal Restrictions in Use:</u>
Gasoline Excise & Commerical Vehicle Tax	Street and Road Purposes
Water and Sewer Revenue	Debt Service and Utility Operations
Grant Program Expenditures	Grant agreements
Ad Valorem Taxes	Debt Service

For the year ended September 30, 2019, the City complied, in all material respects, with these revenue restrictions.

Net position restricted through enabling legislation consists of \$605,647 for service of debt; \$199,394 for State Seizure funds; \$115,132 for Federal Seizure funds; \$135,132 for economic development purposes; \$346,476 for grant purposes; and \$37,947 for Fire Rebate by the State Insurance Commission.

**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 53-54 of this report.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

**VI. Stewardship, Compliance and Accountability (Continued)**

**B. Deficit Fund Equity**

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

	Fund Deficit
Governmental Funds:	
Rejuvenation Station	(43,342)

**NOTE 2: CASH**

A summary of cash (including restricted deposits) as of September 30, 2019, is as follows:

	<b>Deposits with Financial Institutions</b>			
	<b>Pooled</b>	<b>Non-Pooled</b>	<b>Cash on Hand</b>	<b>Total</b>
<b>Governmental funds:</b>				
General Fund	\$ 220,971	743,310	275	964,556
Other Governmental Funds	662,638	642,845	-	1,305,483
Total governmental funds	<u>883,609</u>	<u>1,386,155</u>	<u>275</u>	<u>2,270,039</u>
<b>Proprietary funds:</b>				
Moss Point Public Utilities Fund	(753,690)	(229,534)	-	(983,224)
KCR Sanitary Improvement Fund	-	10	-	10
Total proprietary funds	<u>(753,690)</u>	<u>(229,524)</u>	<u>-</u>	<u>(983,214)</u>
<b>Fiduciary Funds:</b>				
Agency Clearing Account	48,453	-	-	48,453
Total cash	<u>\$ 178,372</u>	<u>1,156,631</u>	<u>275</u>	<u>1,335,278</u>

The carrying amount of the City's total deposits with financial institutions at September 30, 2019, was \$1,335,003 and the bank balance was \$1,808,893.



**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 2: CASH (Continued)**

The City's policies regarding deposits of cash are discussed in Note 1 V (A). The City deposits funds in financial institutions selected by the Board of Aldermen in accordance with Mississippi statutes. The approved city depositories for the 2018-2019 calendar years are Hancock Bank and Merchants and Marine Bank.

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, 2019**

**NOTE 3: RECEIVABLES**

The statement of Net Position includes the following receivables at September 30, 2019:

<i>Governmental activities</i>	
Taxes receivable:	
Property taxes	
Current	\$ 45,548
For future reporting period	5,069,579
Total property taxes receivable	5,115,127
Franchise taxes	290,961
Total taxes receivable	5,406,088
Intergovernmental receivable:	
Sales taxes	343,182
Shared revenue	36,988
Grants	234,444
Total intergovernmental receivable	614,614
Fines and forfeitures receivable:	
Court fines receivable	7,634,945
Less: allowance for doubtful accounts	(6,816,479)
Total fines and forfeitures receivable, net	818,466
Total receivables - governmental activities	\$ 6,839,168
<i>Business-type activities</i>	
<u>Moss Point Public Utilities Fund:</u>	
Customer accounts receivable:	
Customer utility charges (billed)	\$ 3,678,702
Customer accounts, earned but unbilled	279,896
Less: allowance for doubtful accounts	(1,319,687)
Total customer accounts receivable, net	2,638,911
<u>KCR Sanitary Sewer Project Fund:</u>	
Intergovernmental receivable - grant	925,711
Total receivable - business-type activities	\$ 3,564,622

*Property tax for future reporting period* – Of the \$5,115,127 reported as property taxes receivable, \$5,069,579 has been deferred in the funds. Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

*Court fines receivables* – Court fines are recorded as deferred inflow of sources in the fund financial statements due to the funds using modified accrual basis. However, revenues received during the year are recorded in the government-wide financial statements on the full-accrual basis of accounting.

*Customer accounts receivable* - All trade receivables are shown net of an allowance for bad debt. As of September 30, 2019, an allowance in the amount of \$1,319,687 has been provided in the Moss Point Utilities Fund for estimated uncollectible utility charges.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 4: INTERFUND LOANS AND TRANSFERS**

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

Receivable Fund	Payable Fund	Amount
General Fund	Local Seized Assets Fund	\$ 27,100
General Fund	Rejuvenation Station Fund	47,319
General Fund	CDBG Fund	2,469
General Fund	Moss Point Utilities Fund	2,139,683
CDBG Program Income Fund	General Fund	11,698
Federal Seized Assets Fund	General Fund	7,737
CDBG Fund	CDBG Program Income Fund	43,230
CDBG Fund	General Fund	28,825
Total		<u>\$ 2,308,061</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.

**B. Interfund Transfers**

The following transfers were made between funds during the year ended September 30, 2019:

Transfers From	Transfers To	Amount
CDBG Program Income Fund	General Fund	\$ 3,390
Library Fund	General Fund	43,271
Tidelands Grant Fund	General Fund	27,578
Economic Development Resources Fund	General Fund	825,817
CDBG Fund	General Fund	253,811
Disaster Relief Fund	General Fund	118,667
2016 GO Bond Fund	General Fund	106,327
2010 Public Improvement Bond Fund	General Fund	35,819
General Fund	CDBG Fund	26,280
General Fund	Mayor's Youth Council	11,500
General Fund	KCR Sanitary Sewer Project Fund	10
Total		<u>\$ 1,452,470</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 2019, dormant funds were closed into the general fund and residual balances transferred.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 5: CAPITAL ASSETS**

**A. Governmental Activities**

Capital asset activity governmental activities for the year ended September 30, 2019, 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	382,524	114,380	(496,904)	-
Total capital assets not being depreciated	<u>2,473,950</u>	<u>114,380</u>	<u>(496,904)</u>	<u>2,091,426</u>
Capital assets being depreciated:				
Buildings	18,799,717	37,842	-	18,837,559
Improvements other than buildings	2,245,610	-	496,904	2,742,514
Infrastructure - streets and drainage	23,918,928	-	-	23,918,928
Machinery and equipment	9,618,706	265,101	542,454	10,426,261
Leased Property under capital leases	572,937	94,101	-	667,038
Total capital assets being depreciated	<u>55,155,898</u>	<u>397,044</u>	<u>1,039,358</u>	<u>56,592,300</u>
Less accumulated depreciation:				
Buildings	5,675,156	455,162	-	6,130,318
Improvements other than buildings	783,358	125,695	-	909,053
Infrastructure - streets and drainage	8,453,972	623,201	-	9,077,173
Machinery and equipment	8,794,262	353,175	207,523	9,354,960
Leased property under capital leases	219,716	27,796	-	247,512
Total accumulated depreciation	<u>23,926,464</u>	<u>1,585,029</u>	<u>207,523</u>	<u>25,719,016</u>
Total capital assets being depreciated, net	<u>31,229,434</u>	<u>(1,187,985)</u>	<u>831,835</u>	<u>30,873,284</u>
Governmental activities capital assets, net	<u>\$ 33,703,384</u>	<u>\$ (1,073,605)</u>	<u>\$ 334,931</u>	<u>\$ 32,964,710</u>

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

Governmental activities:	
General government	\$ 351,316
Public safety	368,729
Public works	697,568
Culture and recreation	64,031
Economic development	103,385
Total	<u>\$ 1,585,029</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

**B. Business-type Activities**

Capital asset activity business-type activities for the year ended September 30, 2019, 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	3,233,133	-	3,554,971
Total capital assets not being depreciated	365,070	3,233,133	-	3,598,203
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	-	(542,454)	2,162,982
Total capital assets being depreciated	85,688,042	-	(542,454)	85,145,588
Less accumulated depreciation:				
Buildings and improvements	14,807,474	253,573	-	15,061,047
Infrastructure and improvements	34,155,905	954,798	-	35,110,703
Machinery and equipment	2,342,952	9,905	(207,524)	2,145,333
Total accumulated depreciation	51,306,331	1,218,276	(207,524)	52,317,083
Total capital assets being depreciated, net	34,381,711	(1,218,276)	(334,930)	32,828,505
Business-type activities capital assets, net	<u>\$ 34,746,781</u>	<u>\$ 2,014,857</u>	<u>\$ (334,930)</u>	<u>\$ 36,426,708</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
Business-type Activities		
KCR Sanitary Sewer Project	<u>\$ 3,554,971</u>	<u>\$ 1,789,519</u>
Total Commitments	<u>\$ 3,554,971</u>	<u>\$ 1,789,519</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 6: LONG-TERM DEBT**

Debt outstanding at September 30, 2019 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	\$ 1,915,000	2.0%-4.625%	06/01/30
General Obligation Capital Improvement, Series 2013	2,565,000	1,950,000	2.25%-2.875%	05/01/33
Total Obligation Bonds		<u>3,865,000</u>		
B. Notes Payable				
Notes Payable-M&M Bank	1,500,000	957,955	2.65%	10/13/25
Total Notes Payable		<u>957,955</u>		
C. Capital Leases:				
KS State Bank				
secured by pumper truck, \$45,227 annually	365,611	155,289	4.23%	11/01/22
BancorpSouth				
secured by 2016 Ford F150 truck, \$664 monthly	29,983	8,918	2.28%	10/24/20
Motorola Solutions Inc.				
secured by fire radio equipment, \$14,176 annually	94,101	94,101	3.91%	09/01/26
Total Capital Leases		<u>258,308</u>		
Total governmental activities		<u>5,081,263</u>		
<b>Business-type Activities:</b>				
A. Notes Payable				
Notes Payable- BancorpSouth	13,554,500	10,612,615	3.35%	04/30/30
Capital Improvements Revolving Loan	167,002	27,325	3.00%	03/01/20
Secured by sales tax revenue:				
State Revolving Fund Loan, 2011, \$7,235 monthly	1,438,524	868,092	1.75%	09/01/30
State Revolving Fund Loan, 2011, \$6,477 monthly	1,292,581	819,722	1.75%	05/01/31
State Revolving Fund Loan, 2011, \$5,262 monthly	1,053,773	674,477	1.75%	07/01/31
Drinking Water System Impr. Revolving Loan, \$6,558 monthl	1,280,216	743,317	1.95%	03/01/30
Total Notes Payable		<u>13,745,548</u>		
Total business-type activities		<u>13,745,548</u>		
Total government		<u>\$ 18,826,811</u>		

Transactions for the year ended September 30, 2019 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	\$ 2,060,000	\$ -	\$ 110,000	\$ 1,950,000	\$ 115,000
Special obligation bonds	2,050,000	-	135,000	1,915,000	140,000
Notes payable (beg. Restated)	1,101,736	-	143,781	957,955	147,638
Capital leases payable	247,343	94,101	83,136	258,308	62,428
Total long-term debt principal	<u>5,459,079</u>	<u>94,101</u>	<u>471,917</u>	<u>5,081,263</u>	<u>465,066</u>
Other long-term liabilities:					
Compensated absences	205,952	374,900	143,379	437,473	109,368
Net pension liability (beg. restated)	10,973,935	-	1,151,281	9,822,654	-
Total governmental activities	<u>\$ 16,638,966</u>	<u>\$ 469,001</u>	<u>\$ 1,766,577</u>	<u>\$ 15,341,390</u>	<u>\$ 574,434</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

Transactions for the year ended September 30, 2019 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 (beg. Restated)	\$ 14,893,296	\$ -	\$ 1,147,748	\$ 13,745,548	\$ 1,140,344
Total business-type activities	<u>\$ 14,893,296</u>	<u>\$ -</u>	<u>\$ 1,147,748</u>	<u>\$ 13,745,548</u>	<u>\$ 1,140,344</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, 2019 the City's future principal and interest requirements related to the bonds payable are as follows:

Year Ending	Principal	Interest	Total
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	295,000	89,300	384,300
2025-2029	1,640,000	302,003	1,942,003
2030	860,000	38,110	898,110
	<u>\$ 3,865,000</u>	<u>\$ 900,851</u>	<u>\$ 4,765,851</u>

Interest and bonding agent fees incurred on bonds payable totaled \$146,223 for the fiscal year ended September 30, 2019.

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, 2019, 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, 2019**

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

**B. Notes Payable**

At September 30, 2019 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	
2020	\$ 147,638	26,301	1,140,344	410,437	1,724,720
2021	151,599	19,641	1,146,516	366,306	1,684,062
2022	155,665	15,574	1,181,072	332,010	1,684,321
2023	159,841	11,399	1,216,721	296,625	1,684,586
2024	164,128	7,111	1,253,500	260,115	1,684,854
2025-2029	168,531	2,709	6,861,351	710,927	7,743,518
2030-2031	10,553	-	946,044	15,021	971,618
	<u>\$ 957,955</u>	<u>82,735</u>	<u>13,745,548</u>	<u>2,391,441</u>	<u>17,177,679</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, 2019:

Year Ending	Principal	Interest	Total
2020	\$ 63,406	\$ 3,974	\$ 67,380
2021	57,802	2,929	60,731
2022	57,675	1,727	59,402
2023	40,015	2,692	42,707
2024	12,637	1,539	14,176
2025-2029	26,773	1,578	28,351
	<u>\$ 258,308</u>	<u>\$ 14,439</u>	<u>\$ 272,747</u>

As of September 30, 2019, the cost of the heavy equipment and vehicles under capital leases for governmental activities was \$490,195 and accumulated depreciation for those assets was \$106,037.

**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, 2019**

**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 2019 (inside the City):	
Real property	\$ 58,647,020
Personal property	13,613,466
Public utility	10,706,078
Autos and mobile homes (estimated)	8,677,490
Total assessed valuations	91,644,054
Fifteen percent (15%) of total assessed valuation	13,746,608
Less outstanding general issues at 09/30/2019	(1,950,000)
Legal debt margin	11,796,608
Percentage	2.1%

**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 29.

**NOTE 7. MANAGEMENT FEES**

The City's Moss Point Public Utilities Fund (proprietary fund type) pay a management fee to the general fund to cover various costs such as administrative salaries, occupancy costs, etc. Such fees totaled \$380,872 for the year ended September 30, 2019. The fees were included in "charges for services" general government program revenue in the Statement of Activities and in the general fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. The corresponding expenditure was included in "expenses" in the Utilities (\$380,872) fund in the Statement of Activities and "contractual services" expenditures in the water and sewer and port and harbor funds in the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.

**NOTE 8: 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.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 8: RETIREMENT PLANS (Continued)**

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

*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.

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 for the period of October 1, 2018 through June 30, 2019 was 15.75% of annual covered payroll. The employer's rate for the period of July 1, 2019 through September 30, 2019, was 17.4% 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, 2019, 2018 and 2017 were \$572,107, \$639,147 and \$738,692, respectively, which equaled the required contributions for each year.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 8: RETIREMENT PLANS (Continued)**

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

At September 30, 2019, the City reported a liability of \$9,822,654 in the governmental activities for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was .056 percent. For the year ended September 30, 2019, the City recognized a decrease in pension expense for governmental activities of \$240,065.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
	<u>Governmental Activities</u>
Differences between expected and actual experience	\$ 5,810
Changes of assumptions	96,303
Changes in proportion and differences between City contributions and proportionate share on contributions	33,196
City's contributions subsequent to the measurement date	145,119
Total deferred outflows related to pensions	<u>\$ 280,428</u>

	<u>Deferred Inflows</u>
	<u>Governmental Activities</u>
Differences between expected and actual experience	\$ 10,574
Net difference between projected and actual earnings on pension plan investments	107,465
Changes in proportion and differences between City contributions and proportionate share on contributions	1,910,625
Total	<u>\$ 2,028,664</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 8: RETIREMENT PLANS (Continued)**

Within the deferred outflows, \$145,119 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, 2019. Other amounts, netting to \$(1,893,355) 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	\$ (794,256)
2020	(823,954)
2021	(319,991)
2022	44,846
	<u><u>\$ (1,893,355)</u></u>

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including inflation
Investment rate of return	7.75 percent, (net of pension plan investment expense, including inflation)

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation was based on the results of an actuarial experience study for the four-year period ending June 30, 2018. The experience report is dated April 2, 2019.

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

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 8: RETIREMENT PLANS (Continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Debt Securities	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	.25
Total	<u>100.00 %</u>	

**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	\$ 12,912,219	\$ 9,822,654	\$ 7,272,496

**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, 2019**

**NOTE 9: NET INVESTMENT IN CAPITAL ASSETS**

***Governmental Activities:***

Net investment in capital assets:

Capital Assets

Nondepreciable capital assets \$ 2,091,426

Other capital assets 56,592,300

Less: accumulated depreciation (25,719,016)

Less: outstanding balances of borrowings for capital asset acquisition:

Obligation bonds (3,865,000)

Notes payable (957,955)

Capital leases (258,308)

**Total Net Investment in Capital Assets - Governmental Activities**

**\$ 27,883,447**

***Business-type Activities***

*Moss Point Public Utilities Fund*

Net investment in capital assets:

Capital Assets

Nondepreciable capital assets \$ 43,232

Other capital assets 85,145,588

Less: accumulated depreciation (52,317,083)

Less: outstanding balances of borrowings for capital asset acquisition:

Notes payable (13,745,548)

Total investment in capital assets - Moss Point Public Utilities Fund 19,126,189

*KCR Sanitary Sewer Project Fund*

Capital Assets

Nondepreciable capital assets 3,554,971

Total investment in capital assets - KCR Sanitary Sewer Project Fund 3,554,971

**Total Net Investment in Capital Assets - Business-type Activities**

**\$ 22,681,160**

**NOTE 10: 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 Board of Aldermen at the first regular meeting in September.

In accordance with the Mississippi Code of 1972, as amended, the Board of Aldermen may levy taxes in any amount for general revenue purposes and general improvements. However, taxes 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, 2019**

**NOTE 10: 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 \$2,121,709.

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 \$281,131.

**NOTE 11: COMMITMENTS AND CONTIGENCIES**

**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, 2020. 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, 2019**

**NOTE 11: COMMITMENTS AND CONTIGENCIES (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. At September 30, 2019, a liability in the amount of \$28,825 has been recognized in the City's financial statements for amounts payable to the federal government.

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) (subsequently purchased by Waste Management, Inc. (Waste Management) in April 2018) that was established in April 2016. In the contract, Waste Management 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, Waste Management will be paid for rendered services based on the beginning base count of residential units and small commercial unites that will be adjusted monthly. This contract is for a 4-year period beginning May 1, 2016 and has an option for up to two additional one-year terms of the contract. For the fiscal year ended September 30, 2019, the City Paid \$917,381 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 \$3,028,578 or monthly payments of \$252,382, for three years with an option to renew for one year. For the fiscal year ended September 30, 2019, the City paid \$2,797,679.



**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 11: COMMITMENTS AND CONTIGENCIES (Continued)**

**C. Construction Contracts**

The City has entered into various construction contracts for infrastructure improvements with an estimated remaining commitment of \$1,789,519. The majority of these commitments are being funded by grant funds. See Note 5(C) for more detailed information on these commitments.

**NOTE 12: 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 Board of Aldermen. 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 Board of Aldermen 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 Board of Aldermen 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 Board of Aldermen 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, 2019.

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 13: 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, 2019, 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, 2019. 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 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 \$3,532,716 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 14: 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, 2019, 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, 2019**

**NOTE 15: 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 27, 2022, (the date the financial statements were available to be issued), and determined the following noteworthy subsequent event:

In January 2022, the City issued General Obligation Refunding Bonds, Series 2022 in the amount of \$11,521,000 with a variable coupon interest rate of .93 to 1.61%. This issue refunded the Mississippi Development Bank Bonds, Series 2015 BancorpSouth Energy Note and the Series 2015 Merchants & Marine Loan. This refunding resulted in an aggregate debt service savings of \$286,608 and an estimated present value savings in the amount of \$619,379.

**NOTE 16: PRIOR PERIOD ADJUSTMENTS:**

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

<b><i>Prior Period Adjustments to Governmental Fund Balances and Governmental Activities Net Position</i></b>	
<i>General Fund</i>	
Fiscal Year 2018 Accounts Payables not booked	\$ (597,362)
<i>CDBG Fund</i>	
Fiscal Year 2018 Accounts Receivable not booked	38,217
Prior Period Adjustments to Governmental Fund Balances	<u>\$ (559,145)</u>
 <b><i>Prior Period Adjustments to Business-type Fund Balances and Business-type Activities Net Position</i></b>	
<i>Moss Point Public Utilities Fund</i>	
Overstatement of inventory in the Prior Year	\$ (63,676)
Prior Period Adjustments to Business-type Fund Balances	<u>\$ (63,676)</u>
 <b><i>Net Position - Reclassification</i></b>	
<i>Governmental Activities</i>	
Business-type debt recorded as governmental in Prior Year	\$ 11,538,019
Governmental activities capital assets classified as business-type in Prior Year	334,931
Net Pension liability moved from business-type to governmental-type activities	(371,717)
Change in Net Position - Governmental Activities	<u>\$ 11,501,233</u>
<i>Business-type Activities</i>	
Business-type debt recorded as governmental in Prior Year	\$ (11,538,019)
Governmental activities capital assets classified as business-type in Prior Year	(334,931)
Net Pension liability moved from business-type to governmental-type activities	371,717
Change in Net Position - Business-type Activities	<u>\$ (11,501,233)</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 17: 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 18. EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The unrestricted net position amount of \$(9,263,121) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$145,119 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The \$130,309 balance of deferred outflow of resources, at September 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of \$(9,263,121) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$2,028,664 balance of the deferred inflow of resources at September 30, 2019 will be recognized as revenue and increase unrestricted net position over the next 4 years.

The unrestricted net position amount of \$(9,263,121) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from property tax revenue. The \$5,056,579 balance of the deferred inflow of resources at September 30, 2019 will be recognized as revenue and increase unrestricted net position in the year ended September 30, 2020.

## 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, 2019**  
**(UNAUDITED)**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget
Revenues:				
Property taxes	\$ 3,014,210	5,443,733	4,027,177	(1,416,556)
Franchise fees	976,500	976,500	1,097,278	120,778
Fines and fees	79,000	137,000	140,095	3,095
Licenses and permits	57,290	56,440	52,993	(3,447)
Intergovernmental	3,297,263	2,949,139	2,916,595	(32,544)
Charges for services	116,490	67,441	56,183	(11,258)
Investment earnings	6,300	5,200	6,095	895
Miscellaneous	88,050	491,906	377,858	(114,048)
Total Revenues	7,635,103	10,127,359	8,674,274	(1,453,085)
Expenditures:				
General government:				
Personnel services	426,946	522,295	412,757	109,538
Supplies	167,402	86,802	55,204	31,598
Other services and charges	1,869,240	2,135,575	1,161,206	974,369
Capital outlay/Debt service	117,000	602,200	171,351	430,849
Total	2,580,588	3,346,872	1,800,518	1,546,354
Public safety - police and courts				
Personnel services	2,026,431	2,195,117	2,015,060	180,057
Supplies	18,500	31,000	25,265	5,735
Other services and charges	332,340	303,450	262,034	41,416
Total	2,377,271	2,529,567	2,302,359	227,208
Public safety - fire				
Personnel services	1,774,878	2,280,378	1,995,062	285,316
Supplies	5,000	8,500	4,536	3,964
Other services and charges	259,250	224,550	178,169	46,381
Capital outlay/Debt service	128,185	127,185	36,528	90,657
Total	2,167,313	2,640,613	2,214,295	426,318
Public works				
Personnel services	-	15,000	14,475	525
Other services and charges	-	375,500	314,016	61,484
Capital outlay/Debt service	-	128,600	93,949	34,651
Total	-	519,100	422,440	96,660
Culture & recreation				
Personnel services	109,364	175,114	150,302	24,812
Supplies	-	5,000	1,491	3,509
Other services and charges	-	231,900	118,819	113,081
Capital outlay/Debt service	-	8,000	6,934	1,066
Total	109,364	420,014	277,546	142,468
Economic development				
Personnel services	323,133	402,893	95,064	307,829
Supplies	14,000	9,000	846	8,154
Other services and charges	181,450	221,600	178,751	42,849
Total	518,583	633,493	274,661	358,832
Total Expenditures	7,753,119	10,089,659	7,291,819	2,797,840
Excess (Deficiency) of Revenues Over Expenditures	\$ (118,016)	37,700	1,382,455	(1,344,755)

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Required Supplemental Information –**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Fiscal Year Ended September 30, 2019**  
**(UNAUDITED)**

**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 Mayor 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. Public hearings are conducted to obtain taxpayers comments.
3. No later than September 15, the budget is legally enacted through passage of a resolution.
4. 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.
5. The Board of Alderman formally adopts the General Fund at the "department level" and for special revenue, debt service and capital project fund types at the "fund type level." State statutes prohibit the governing authority from expending amounts in excess of the adopted or amended budget. Formal budgetary integration at the "account level" is employed by management for expenditure control. Management may reallocate budget amounts between expenditure amounts within each General Fund department; however, amounts may not exceed the total expenditure limit set for each department. The Board of Alderman may amend the budget during the fiscal year, by resolution, to reallocate resources.
6. The Mayor 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**

Excess (deficiency) of revenues over expenditures - Budgetary Cash Basis		\$ 1,382,455
Revenues per Budget-Cash-basis	\$ 8,674,274	
Accrual entries to revenues	<u>1,781,853</u>	1,781,853
Revenues per Fund Financial Statements	<u><u>10,456,127</u></u>	
Expenditures per Cash-basis Budget	7,291,819	
Accrual entries to expenditures	<u>667,687</u>	(667,687)
Expenditures per Fund Financial Statement	<u><u>\$ 7,959,506</u></u>	
Excess (deficiency) of revenues over expenditures - Fund Financial Statements		<u><u>\$ 2,496,621</u></u>

**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>**  
**(UNAUDITED)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.055836%	0.065977%	0.071897%	0.081403%	0.082194%
City's proportionate share of the net pension liability	\$ 9,872,654	\$ 10,973,935	\$ 11,951,772	\$ 14,289,998	\$ 12,366,422
City's covered-employee payroll	\$ 3,636,457	\$ 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	271.49%	260.46%	259.13%	289.05%	224.55%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	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>**  
**(UNAUDITED)**

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Actuarially determined contribution	\$ 572,107	\$ 639,147	\$ 738,692	\$ 779,256	\$ 840,262
Contributions in relation to the actuarially determine contribution	<u>572,107</u>	<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>	<u>\$ -</u>
Covered-employee payroll	3,591,065	4,058,076	4,690,108	4,947,657	5,334,997
Contributions as a percentage of covered- employee payroll	15.93%	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, 2019 (Measurement Date)**  
**(UNAUDITED)**

***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%.
- 2018
  - None
- 2019
  - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
    - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
    - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
    - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
  - The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
    - For males, 137% of male rates at all ages.
    - For females, 115% of female rates at all ages.
    - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
  - The price inflation assumption was reduced from 3.00% to 2.75%.
  - The wage inflation assumption was reduced from 3.25% to 3.00%.

***Changes in benefit provisions***

- 2017
  - None
- 2018
  - None
- 2019
  - None

**CITY OF MOSS POINT, MISSISSIPPI**  
**Notes to the Required Supplemental Information –**  
**PENSION SCHEDULES**  
**For the Year Ended June 30, 2019 (Measurement Date)**  
**(UNAUDITED)**

***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, 2017 valuation for the June 30, 2019 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	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 18.50 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, 2019**

	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	\$ 535,696	\$ 168,131	\$ 601,656	\$ 1,305,483
Receivables:				
Property tax receivable	840	-	3,991	4,831
Intergovernmental	40,256	234,444	-	274,700
Due from other funds	91,490	-	-	91,490
Total assets	668,282	402,575	605,647	1,676,504
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	-	103,378	-	103,378
Unearned revenue	53,802	-	-	53,802
Due to other governments	28,825	-	-	28,825
Due to other funds	72,799	47,319	-	120,118
Total liabilities	155,426	150,697	-	306,123
Fund balances:				
Committed:				
Culture and recreation	840	-	-	840
Restricted:				
Public safety	352,472	-	-	352,472
Economic development	108,287	-	-	108,287
Debt service	-	-	560,652	560,652
Grant/bond purpose	51,257	295,220	44,995	391,472
Unrestricted	-	(43,342)	-	(43,342)
Total fund balances	512,856	251,878	605,647	1,370,381
Total liabilities and fund balances	\$ 668,282	\$ 402,575	\$ 605,647	\$ 1,676,504

**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, 2019**

	Non-major Governmental Funds			Total Non-major Governmental Funds
	Special Revenue Funds	Capital Project Funds	Debt Service Funds	
<b>REVENUES</b>				
Property taxes	\$ 82,457	\$ -	\$ 391,547	\$ 474,004
Intergovernmental	1,027,205	-	-	1,027,205
Charges for services	-	5,900	-	5,900
Interest income	3,254	2,191	380	5,825
Miscellaneous	4,000	80	-	4,080
Total revenues	<u>1,116,916</u>	<u>8,171</u>	<u>391,927</u>	<u>1,517,014</u>
<b>EXPENDITURES</b>				
Public safety	80,816	-	-	80,816
Culture and recreation	85,000	22,414	-	107,414
Economic development	468,602	-	-	468,602
Capital outlay	307,905	47,670	-	355,575
Debt service:				
Principal	35,069	-	245,000	280,069
Interest	1,458	-	146,223	147,681
Total expenditures	<u>978,850</u>	<u>70,084</u>	<u>391,223</u>	<u>1,440,157</u>
Excess (deficiency) of revenues over expenditures	<u>138,066</u>	<u>(61,913)</u>	<u>704</u>	<u>76,857</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	37,780	-	-	37,780
Transfers out	(1,153,867)	(118,667)	(142,146)	(1,414,680)
Total other financing sources (uses)	<u>(1,116,087)</u>	<u>(118,667)</u>	<u>(142,146)</u>	<u>(1,376,900)</u>
Net change in fund balances	(978,021)	(180,580)	(141,442)	(1,300,043)
Fund balances-beginning, restated	1,490,877	432,458	747,089	2,670,424
Fund balances-ending	<u>\$ 512,856</u>	<u>\$ 251,878</u>	<u>\$ 605,647</u>	<u>\$ 1,370,381</u>

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Balance Sheet**  
**SPECIAL REVENUE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	Special Revenue Funds										Total
	CDBG Program Income Fund	Library Fund	Municipal Fire Rebate Fund	Tidelands Grant Fund	Economic Development Resources Fund	Local Seized Assets Fund	Federal Seized Assets Fund	Community Development Block Grant Fund	Mayor's Youth Council Fund	Community Development Support Gran Fund	Non-major Special Revenue Funds
<b>ASSETS</b>											
Cash and cash equivalents	\$ 31,532	\$ -	\$ 37,947	\$ -	\$ 68,031	\$ 226,493	\$ 107,395	\$ 63,165	\$ 1,133	\$ -	\$ 535,696
Receivables:											
Property tax receivable	-	840	-	-	-	-	-	-	-	-	840
Intergovernmental	-	-	-	-	40,256	-	-	-	-	-	40,256
Due from other funds	11,698	-	-	-	-	-	7,737	72,055	-	-	91,490
Total assets	<u>43,230</u>	<u>840</u>	<u>37,947</u>	<u>-</u>	<u>108,287</u>	<u>226,493</u>	<u>115,132</u>	<u>135,220</u>	<u>1,133</u>	<u>-</u>	<u>668,282</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Unearned revenue	-	-	-	-	-	-	-	53,802	-	-	53,802
Due to other governments	-	-	-	-	-	-	-	28,825	-	-	28,825
Due to other funds	43,230	-	-	-	-	27,100	-	2,469	-	-	72,799
Total liabilities	<u>43,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,100</u>	<u>-</u>	<u>85,096</u>	<u>-</u>	<u>-</u>	<u>155,426</u>
Fund balances:											
Committed:											
Culture and recreation	-	840	-	-	-	-	-	-	-	-	840
Restricted:											
Public safety	-	-	37,947	-	-	199,393	115,132	-	-	-	352,472
Economic development	-	-	-	-	108,287	-	-	-	-	-	108,287
Grant/bond purpose	-	-	-	-	-	-	-	50,124	1,133	-	51,257
Total fund balances	<u>-</u>	<u>840</u>	<u>37,947</u>	<u>-</u>	<u>108,287</u>	<u>199,393</u>	<u>115,132</u>	<u>50,124</u>	<u>1,133</u>	<u>-</u>	<u>512,856</u>
Total liabilities and fund balances	<u>\$ 43,230</u>	<u>\$ 840</u>	<u>\$ 37,947</u>	<u>\$ -</u>	<u>\$ 108,287</u>	<u>\$ 226,493</u>	<u>\$ 115,132</u>	<u>\$ 135,220</u>	<u>\$ 1,133</u>	<u>\$ -</u>	<u>\$ 668,282</u>



**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, 2019**

	Special Revenue Funds									Total Non-major Special Revenue Funds
	CDBG Program Income Fund	Library Fund	Municipal Fire Rebate Fund	Tidelands Grant Fund	Economic Development Resources Fund	Local Seized Assets Fund	Federal Seized Assets Fund	Community Development Block Grant Fund	Mayor's Youth Council Fund	
<b>REVENUES</b>										
Property taxes	\$ -	\$ 82,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,457
Intergovernmental	-	-	80,883	114,380	281,131	206,210	72,068	272,533	-	1,027,205
Interest income	-	-	-	-	-	2,186	1,058	-	10	3,254
Miscellaneous income	-	-	-	-	4,000	-	-	-	-	4,000
Total revenues	-	82,457	80,883	114,380	285,131	208,396	73,126	272,533	10	1,116,916
<b>EXPENDITURES</b>										
Public safety	-	-	10,695	-	-	67,510	2,611	-	-	80,816
Culture and recreation	-	85,000	-	-	-	-	-	-	-	85,000
Economic development	-	-	-	-	230,962	-	-	237,640	-	468,602
Capital outlay	-	-	-	114,380	-	49,342	144,183	-	-	307,905
Debt service:										
Principal	-	-	35,069	-	-	-	-	-	-	35,069
Interest	-	-	1,458	-	-	-	-	-	-	1,458
Total expenditures	-	85,000	47,222	114,380	230,962	116,852	146,794	237,640	-	978,850
Excess (deficiency) of revenues over expenditures	-	(2,543)	33,661	-	54,169	91,544	(73,668)	34,893	10	138,066
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	-	-	26,280	11,500	37,780
Transfers out	(3,390)	(43,271)	-	(27,578)	(825,817)	-	-	(253,811)	-	(1,153,867)
Total other financing sources (uses)	(3,390)	(43,271)	-	(27,578)	(825,817)	-	-	(227,531)	11,500	(1,116,087)
Net change in fund balances	(3,390)	(45,814)	33,661	(27,578)	(771,648)	91,544	(73,668)	(192,638)	11,510	(978,021)
Fund balances-beginning, restated	3,390	46,654	4,286	27,578	879,935	107,849	188,800	242,762	(10,377)	1,490,877
Fund balances-ending	\$ -	\$ 840	\$ 37,947	\$ -	\$ 108,287	\$ 199,393	\$ 115,132	\$ 50,124	\$ 1,133	\$ 512,856

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Balance Sheet**  
**CAPITAL PROJECTS and DEBT SERVICE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**September 30, 2019**

	Capital Projects Funds			Debt Service Funds			
	Disater Relief Fund	Rejuvenation Station Fund	Total Non-major Capital Project Funds	Bond Redemption Fund	2013 GO Bond Fund	2010 Public Improvement Bond Fund	Total Non-major Debt Service Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 147,652	\$ 20,479	\$ 168,131	\$ 556,661	\$ 44,995	\$ -	\$ 601,656
Receivables:							
Property taxes receivable	-	-	-	3,991			3,991
Intergovernmental	234,444	-	234,444	-	-	-	-
Total assets	382,096	20,479	402,575	560,652	44,995	-	605,647
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	86,876	16,502	103,378	-	-	-	-
Due to other funds	-	47,319	47,319	-	-	-	-
Total liabilities	86,876	63,821	150,697	-	-	-	-
Fund balances:							
Committed:							
Culture and recreation	-	-	-	-	-	-	-
Restricted:							
Debt service	-	-	-	560,652	-	-	560,652
Grant/bond purpose	295,220	-	295,220	-	44,995	-	44,995
Unrestricted		(43,342)	(43,342)	-	-	-	-
Total fund balances	295,220	(43,342)	251,878	560,652	44,995	-	605,647
Total liabilities and fund balances	\$ 382,096	\$ 20,479	\$ 402,575	\$ 560,652	\$ 44,995	\$ -	\$ 605,647

**CITY OF MOSS POINT, MISSISSIPPI**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**CAPITAL PROJECT and DEBT SERVICE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2019**

	Capital Projects Funds			Debt Service Funds			
	Disater Relief Fund	Rejuvenation Station Fund	Total Non-major Capital Project Funds	Bond Redemption Fund	2016 GO Bond Fund	2010 Public Improvement Bond Fund	Total Non-major Debt Service Funds
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ 391,547	\$ -	\$ -	\$ 391,547
Charges for services	-	5,900	5,900	-	-	-	-
Interest income	1,695	496	2,191	-	380	-	380
Micellaneous	-	80	80	-	-	-	-
Total revenues	1,695	6,476	8,171	391,547	380	-	391,927
<b>EXPENDITURES</b>							
Culture and recreation	-	22,414	22,414	-	-	-	-
Capital outlay	-	47,670	47,670	-	-	-	-
Debt service:							
Principal	-	-	-	245,000	-	-	245,000
Interest	-	-	-	146,223	-	-	146,223
Total expenditures	-	70,084	70,084	391,223	-	-	391,223
Excess (deficiency) of revenues over expenditures	1,695	(63,608)	(61,913)	324	380	-	704
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	(118,667)	-	(118,667)	-	(106,327)	(35,819)	(142,146)
Total other financing sources (uses)	(118,667)	-	(118,667)	-	(106,327)	(35,819)	(142,146)
Net change in fund balances	(116,972)	(63,608)	(180,580)	324	(105,947)	(35,819)	(141,442)
Fund balances-beginning, restated	412,192	20,266	432,458	560,328	150,942	35,819	747,089
Fund balances-ending	\$ 295,220	\$ (43,342)	\$ 251,878	\$ 560,652	\$ 44,995	\$ -	\$ 605,647

SECTION III  
COMPLIANCE SECTION



**Wolfe • McDuff & Oppie**  
CERTIFIED PUBLIC ACCOUNTANTS  
(A Professional Association)

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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 27, 2022

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 the City of Moss Point, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Moss Point, Mississippi's basic financial statements, and have issued our report thereon dated May 27, 2022.

**Internal Control over Financial Reporting**

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

*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. However, as described in the accompanying Schedule of Findings and Questioned Cost, we identified certain deficiencies in internal controls that we consider to be material weaknesses and significant deficiencies.

Membership in:

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants  
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Moss Point, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Walfe, McEluff + Oppai*

Pascagoula, Mississippi  
May 27, 2022





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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**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Moss Point, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Moss Point, Mississippi's major federal programs for the year ended September 30, 2019. The City of Moss Point, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with 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, 2019.

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## 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. We did identify certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned cost as items 2019-005 and 2019-006 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.

*Wolfe, McDuff + Oppa*

Pascagoula, Mississippi  
May 27, 2022





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

To the Mayor and Board of Alderman  
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, 2019, 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 27, 2022, on the financial statements of the City of Moss Point, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of 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.

The results of our review procedures and compliance tests identified certain areas of material instances of noncompliance with state laws and regulations. Our findings, recommendations, and your responses are disclosed below:

**Board of Aldermen**

1. The Board of Aldermen did not approve a budget that included appropriations of expenditures to be authorized to be expended and the total amount of appropriated revenues for all funds.

*Criteria:*

Section 21-35-9, Mississippi Code Annotated (1972), states "The budget as finally determined, in addition to setting out separately each item for which any appropriation of expenditures is authorized to be expended and the fund out of which the same is to be paid, shall set out the total amount appropriated and authorized to be expended from each fund, the cash balance in the fund at the close of the present preceding fiscal year, the working cash balance necessary for the next fiscal year, the estimated amount, if any, which will accrue to the fund from sources other than taxation for the current fiscal year, and the amount necessary to be raised for each fund by tax levy during the current fiscal year. The governing authorities of the municipality shall then, by resolution, approve and adopt the budget as finally determined, and enter the same at length and in detail in their official minutes."

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*Condition:*

During the course of our testing, we noted that the approved budget did not contain approved expenditures and appropriations of revenues for funds other than the General fund and the Moss Point Public Utilities Fund.

*Cause:*

There was no approved budget for funds expended and received in funds other than the General fund and the Moss Point Public Utilities Fund.

*Effect:*

Failure to budget for all funds is not in compliance with state statutes.

*Recommendation:*

The Board of Aldermen should ensure they include all funds with in the approved budget.

*Response:*

The City has corrected this finding in subsequent years. Upon discovery of noncompliance with State budgeting guidelines in the 2020-2021 fiscal year, an outside consultant has been retained by the City for guidance and assistance in preparation of the City's budget according to State statutes.

City of Moss Point, Mississippi's response to the finding included in this report is not audited, and accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Board of Aldermen, 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.

*Walfe, McDuff + Oppa*

Pascagoula, Mississippi  
May 27, 2022

COMPLIANCE  
SUPPLEMENTAL INFORMATION

**CITY OF MOSS POINT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2019**

Federal Grantor/ Passed-through Grantor/ Program Title or Cluster	Assistance Listing Number	Grant No. / Pass-Through Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through the Mississippi Development Authority</i>			
Entitlement Grants Cluster:			
Community Development Block Grant	14.218	B15MC28004	\$ 50,771
Community Development Block Grant	14.218	B17MC28004	94,022
Community Development Block Grant	14.218	B18MC28004	92,535
Total Entitlement Grants Cluster			<u>237,328</u>
Community Development Block Grant	14.228	R-109-268-04-KCR	3,233,133
<i>Total Passed through Mississippi Development Authority</i>			<u>3,470,461</u>
Total U.S. Department of Housing and Urban Development			<u>3,470,461</u>
<u>U.S. Department of Justice</u>			
<i>Direct Program</i>			
State and Local Equitable Sharing	16.922	N/A	130,326
Total U.S. Department of Justice			<u>130,326</u>
<u>Executive Office of the President</u>			
<i>Direct Program</i>			
High Intensity Drug Trafficking Area	95.001	N/A	9,956
Total Executive Office of the President			<u>9,956</u>
Total Expenditures of Federal Awards			<u>\$ 3,610,743</u>

**CITY OF MOSS POINT**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2019**

*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 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, 2019**

Position	Surety	Bond
Mayor	Travelers	\$ 100,000
Aldermen (7)	Travelers, Western Surety	\$ 100,000
Police Chief	Travelers	\$ 50,000
Police Dispatchers (5)	Travelers	\$ 50,000
City Clerk	Travelers	\$ 50,000
Comptroller	Travelers	\$ 50,000
Deputy Clerks (2)	Travelers	\$ 50,000
Fire Chief	Travelers	\$ 50,000
Battalion Chiefs (2)	Travelers	\$ 50,000
Captian/Training/Inspection	Travelers	\$ 50,000
Building Official	Travelers	\$ 50,000
Code Enforcer	Travelers	\$ 50,000
Secretary	Travelers	\$ 50,000
Court Clerks (2)	Travelers	\$ 50,000
Administrative Assistant	Travelers	\$ 50,000
Accounts Payable Clerk	Travelers	\$ 50,000
Project Liasion	Travelers	\$ 50,000
Communications Coordinator	Travelers	\$ 50,000
Athletic Director	Travelers	\$ 50,000
Recreation Aides (2)	Travelers	\$ 50,000
HR Manager	Travelers	\$ 50,000

SCHEDULE OF FINDINGS AND  
QUESTIONED COST

**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Cost**  
**September 30, 2019**

**Section 1: Summary of Auditor's Results**

Financial Statements:

- |  |            |
|--|------------|
| 1. Type of auditor's report issued:                      | Unmodified |
| 2. Internal controls over financial reporting:           |            |
| a. Material weakness(es) identified?                     | Yes        |
| b. Significant deficiency (ies) identified?              | Yes        |
| 3. Noncompliance material to financial statements noted? | No         |

Federal Awards:

- |   |                           |
|---|---------------------------|
| 4. Internal controls over major programs:   |                           |
| a. Material weakness(es) identified?  | Yes                       |
| b. Significant deficiency (ies) identified?   | None reported             |
| 5. Type of auditor's report issued on compliance for major programs:                                    | Unmodified                |
| 6. Any audited findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes                       |
| 7. Identification of major programs:  |                           |
| <u>Name of Federal Program or Cluster</u>   | <u>Assistance listing</u> |
| Community Development Block Grant   | 14.228                    |
| 8. Dollar threshold used to distinguish between type A and type B programs:                             | \$750,000                 |
| 9. Auditee qualified as low-risk auditee?   | No                        |

**Section 2: Financial Statement Findings**

**Finding 2019-001 Material Weakness (Repeat finding)**

***Condition:***

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

***Effect:***

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

***Cause:***

The Comptroller has not established a system of internal control to ensure proper segregation of duties.



**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Cost**  
**September 30, 2019**

*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 segregation of duties. Proper internal controls over cash processes require segregation of duties.

*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 person 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.

*Response:*

Management agrees that further segregation of duties will 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 a person outside the Accounting Department. The City Clerk will receive and open all bank statements before forwarding to the Comptroller for reconciliation. The City Clerk will review bank account reconciliations and initial and date as proof of the review.

**Finding 2019-002 Material Weakness**

*Condition:*

During the course of our testing, we noted that the bank reconciliations were not completed in a timely manner and were not completely accurate.

*Effect:*

An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

*Cause:*

The Comptroller has not established a system of internal control to ensure cash accounts are accurately and timely reconciled.

*Criteria:*

An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

*Recommendation:*

The Comptroller should implement an effective internal control system to increase the accuracy in accounting for receipts and disbursements and to ensure that all bank accounts are reconciled monthly in an accurate and timely manner.

**CITY OF MOSS POINT**  
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***Response:***

The newly hired Comptroller is updating the bank reconciliations and will implement internal control procedures as listed in the response to Finding 2019-001.

**Finding 2019-003 Significant Deficiency (Repeat finding)**

***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.

***Effect:***

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

***Cause:***

The Comptroller has not established a system of internal control to ensure proper segregation of duties.

***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.

***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.

***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 Cost**  
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**Finding 2019-004 Significant Deficiency**

*Condition:*

During the course of our testing, we noted that administrative reimbursements from the Moss Point Public Utilities fund to the General Fund were not appropriately budgeted and were not being recorded in a predictable manner.

*Effect:*

Unbudgeted reimbursement of funds from the Moss Point Public Utilities fund to the General Fund without a documented rationale for the amounts reimbursed can be construed to be an unauthorized tax.

*Cause:*

The Comptroller and Board of Aldermen have not established a system of internal control to rationally calculate reimbursements from the Moss Point Public Utilities fund to the General Fund in a predictable manner and appropriately budgeted.

*Criteria:*

An effective system of internal controls requires reimbursements from the Moss Point Public Utilities fund to the General Fund to be in a predictable manner and appropriately budgeted.

*Recommendation:*

We recommend the City pay special attention to these type reimbursements and the rationale of any reimbursements be documented.

*Response:*

The City has corrected this finding in subsequent years. As of today, the administrative reimbursements from the Moss Point Public Utilities Funds are budgeted and recorded annually. Rationale for these reimbursements have been reassessed and discussed with the Board during the budget process.

**CITY OF MOSS POINT**  
**Schedule of Findings and Questioned Cost**  
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**Section 3: Federal Award Findings and Questioned Costs**

*Department of Housing and Urban Development*

**Finding 2019-005 (Repeat finding)**

Community Development Block Grant (GDBG) – ALN 14.228 Grant No. R-109-268-04-KCR; Grant period September 30, 2019; Pass-through entity name: Mississippi Development Authority

*Condition:*

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

*Effect:*

The late submission affects all federal programs the City administers. However, this finding does not result in a control deficiency in internal controls 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.

**CITY OF MOSS POINT**  
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**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).**

**2018-001 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. Prior period adjustments were recorded in the current year to correct these errors.

Status: Issue resolved.

**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: Repeat finding for 2019. Issue resolution in process.

**2018-003 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: Repeat finding for 2019. Issue resolution in process.

**2018-004 Significant Deficiency**

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

Status: Issue resolved.

**2018-005**

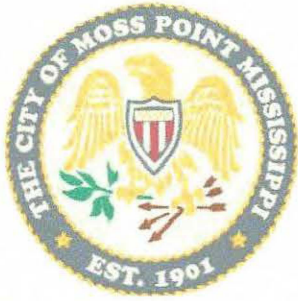
The auditor discovered lack of evidence of the City's checking the System for Award Management System (SAMS) prior to awarding contracts to two contractors.

Status: Repeat finding for 2019. Issue resolution in process.

**2018-006**

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

Status: Repeat finding for 2019. Issue resolution in process.



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**City of Moss Point**

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**CORRECTIVE ACTION PLAN  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
SINGLE AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2019**

**Finding 2019-005 (Repeat finding)** Community Development Block Grant (GDBG) – ALN 14.228 Grant No. R-109-268-04-KCR; Grant period September 30, 2019; Pass-through entity name: Mississippi Development Authority

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

**Management Comments and Corrective Action Plan**

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

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**TOGETHER FOR THE BEST MOSS POINT  
WE ARE ALL IN THIS TOGETHER  
BELIEVE**

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