

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.



May 30, 2023
Tricia Thigpen

CITY OF MOSS POINT, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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TABLE OF CONTENTS

	<u>PAGE</u>
LISTING OF CITY OFFICIALS	5
INDEPENDENT AUDITOR'S REPORT	7
MANAGEMENT'S DISCUSSION AND ANALYSIS	11
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Government-Wide Statement of Net Position	25
Government-Wide Statement of Activities	26
FUND FINANCIAL STATEMENTS	
Governmental Funds Financial Statements:	
Balance Sheet - Governmental Funds	31
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	32
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Proprietary Funds Financial Statements:	
Statement of Net Position - Proprietary Funds	37
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	39
Fiduciary Funds Financial Statements:	
Statement of Net Position - Fiduciary Fund	43
NOTES TO BASIC FINANCIAL STATEMENTS	47
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	75
Schedule of the City's Proportionate Share of the Net Pension Liability	77
Schedule of City's Contributions - (PERS)	78
Notes to Required Supplementary Information	79
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	84
Notes to the Supplementary Information	85

TABLE OF CONTENTS (continued)

	<u>PAGE</u>
REPORTS ON COMPLIANCE AND INTERNAL CONTROL	
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	89
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Report on Compliance with Mississippi State Laws and Regulations	93
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	97
CORRECTIVE ACTION PLAN	103

CITY OF MOSS POINT, MISSISSIPPI

LISTING OF CITY OFFICIALS

September 30, 2020
(UNAUDITED)

CITY OFFICIALS

Mayor	Mario King
Alderman at Large	David Chapman
Alderman Ward #1	Sherwood Bradford
Alderman Ward #2	Chuck Redmond
Alderman Ward #3	Robert Byrd
Alderman Ward #4	Ennit Morris
Alderman Ward #5	Floyd Downs
Alderman Ward #6	Wayne Lennep

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Wolfe • McDuff & Oppie
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Board of Aldermen
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, 2020, and the related notes to the financial statements, which collectively comprise the City of Moss Point, Mississippi's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moss Point, Mississippi, as of September 30, 2020, 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.

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



Independent Auditor's Report
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 11 - 19, 75 - 76, and 77 - 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Moss Point, Mississippi's basic financial statements. The introductory section and Schedule of Surety Bonds for City Officials 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 introductory section and Schedule of Surety Bonds for City Officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2023, on our consideration of the City of Moss Point, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Moss Point, Mississippi's internal control over financial reporting and compliance.

Walfe, McDuff + Oppi

Pascagoula, Mississippi
May 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

This Discussion and Analysis of the City of Moss Point, Mississippi's (the "City") financial performance provides an overall review of the City's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- ◆ The assets and deferred outflows of resources of the City exceeded its liabilities and its deferred inflows of resources at the close of the current year by approximately \$42,086,978 (net position). Of this amount, approximately \$22,157,219 and \$19,929,759 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (which may be used to meet the government's ongoing obligations to citizens and creditors) was approximately \$(6,094,485) (a deficit) for its governmental activities and approximately \$(3,570,731) for its business-type activities.
- ◆ The government's total net position increased by approximately \$408,566 for governmental activities and decreased approximately \$(1,418,602) for business-type activities compared to the prior net position.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$5,554,637, an increase of approximately \$656,902 from the prior year's fund balance.
- ◆ The City's General Fund reported total fund balance of approximately 4,291,549. Approximately \$4,176,138 of this total amount, or approximately 97%, is available for spending at the government's discretion (unassigned fund balance). The unassigned fund balance for the General Fund was approximately 52% of total General Fund expenditures for the year ended September 30, 2020.
- ◆ The City's governmental activities capital assets decreased by approximately 4.32% (\$1,423,048) during the current fiscal year due to depreciation expense of \$1,549,906 and disposals of approximately \$-, partially offset by capital asset additions of approximately \$126,858. The City's business-type activities capital assets decreased by approximately 1% (\$315,870) during the current year primarily due to capital asset additions of approximately \$5,344,535, partially offset by disposals of \$4,449,753 and depreciation expense of approximately \$1,210,650.
- ◆ The governments's total debt (including general and special obligations) decreased approximately \$1,562,505 (5%) during the current year primarily due principle payments.

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
September 30, 2020
(UNAUDITED)

Government-wide Financial Statements

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

The *statement of net position* presents information on all the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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 years.

Both of the government-wide financial statements outline functions of the City that are principally supported by intergovernmental revenues (governmental activities) and 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 operations, public safety, public works, culture and recreation, and debt service interest. The City's proprietary funds include providing water and sewer services to the residents of the City.

The City has no component units.

The government-wide financial statements can be found immediately following this discussion and analysis.

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 to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements can be found as listed in the table of contents.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may be able to better understand the long-term impact of near-term financing decisions. Reconciliations from the governmental fund statements to the government-wide statements are provided to aid in the comparison.

The City maintains one major governmental fund. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Information for the other governmental funds is combined into a single, aggregated column.

CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

The City adopts annual appropriated budgets for its general fund. Budgetary comparison schedules are provided to demonstrate compliance with budgetary requirements. These schedules can be found in the required supplementary information section of this report as listed in the table of contents.

Proprietary Funds

The City maintains one type of proprietary fund. They are the enterprise funds. Enterprise funds are included in business-type activities since they serve the entire community. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City has two enterprise funds. All the enterprise funds, the Moss Point Public Utilities fund and the KCR Sanitary Sewer Project Fund are considered major funds and are reported individually throughout the report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund, which is maintained as an agency fund, with no attempt to create ongoing fund balances.

Notes to the Financial Statements

The notes provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found on pages 47 through 71 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process and net pension liability information. This required supplementary information can be found on pages 75 through 81 of this report.

CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position for September 30, 2020 as compared to September 30, 2019:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$11,930,620	11,334,302	212,115	1,489,032	12,142,735	12,823,334
Capital assets	<u>31,541,662</u>	<u>32,964,710</u>	<u>36,110,838</u>	<u>36,426,708</u>	<u>67,652,500</u>	<u>69,391,418</u>
Total assets	<u>43,472,282</u>	<u>44,299,012</u>	<u>36,322,953</u>	<u>37,915,740</u>	<u>79,795,235</u>	<u>82,214,752</u>
Deferred outflow of resources	<u>706,753</u>	<u>280,428</u>	<u>-</u>	<u>-</u>	<u>706,753</u>	<u>280,428</u>
Long-term liabilities	14,914,166	14,560,651	13,138,805	12,605,204	28,052,971	27,165,855
Other liabilities	<u>595,338</u>	<u>1,171,893</u>	<u>3,254,389</u>	<u>3,962,175</u>	<u>3,849,727</u>	<u>5,134,068</u>
Total liabilities	<u>15,509,504</u>	<u>15,732,544</u>	<u>16,393,194</u>	<u>16,567,379</u>	<u>31,902,698</u>	<u>32,299,923</u>
Deferred inflow of resources	<u>6,512,312</u>	<u>7,098,243</u>	<u>-</u>	<u>-</u>	<u>6,512,312</u>	<u>7,098,243</u>
Net position:						
Invested in capital assets, net of related debt	26,922,936	27,883,447	23,500,490	22,681,160	50,423,426	50,564,607
Restricted	1,328,768	1,525,140	-	-	1,328,768	1,525,140
Unrestricted	<u>(6,094,485)</u>	<u>(7,659,934)</u>	<u>(3,570,731)</u>	<u>(1,332,799)</u>	<u>(9,665,216)</u>	<u>(8,992,733)</u>
Total net position	<u>\$22,157,219</u>	<u>21,748,653</u>	<u>19,929,759</u>	<u>21,348,361</u>	<u>42,086,978</u>	<u>43,097,014</u>

In connection with the application of standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position	\$ (9,665,216)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	<u>10,904,131</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 1,238,915</u>

By far the largest portion of the City's net position (120%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. 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 are not likely to be used to liquidate these liabilities.

A portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(9,665,216) ((23)%), a deficit, may be used to meet the City's ongoing obligation to citizens and creditors.

CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

At the end of the current fiscal year, the City is able to report positive balances for two of the three categories of net position, both for the government as a whole, as well as for its separate business-type activities. Governmental and business-type activities reported a negative net position for one of the three categories of net position. The same situation held true for the prior fiscal year.

Net investment in capital assets decreased by \$(141,181) during the year. Restricted net position decreased by \$(196,372). Unrestricted net position decreased by \$(672,483) during the year with the unrestricted net position of business-type activities decreasing by \$(2,237,932) and the unrestricted net position of governmental activities increasing by \$1,565,449.

The following table shows the changes in the City's net position for 2020 compared to 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 616,797	701,488	8,589,350	11,025,407	9,206,147	11,726,895
Operating grants and contributions	111,254	179,517	-	-	111,254	179,517
Capital grants and contributions	617,092	756,030	894,782	3,233,133	1,511,874	3,989,163
General revenues:						
Property taxes	4,654,622	4,535,198	-	-	4,654,622	4,535,198
Franchise taxes	1,038,337	1,092,463	-	-	1,038,337	1,092,463
Sales tax	2,283,100	2,402,840	-	-	2,283,100	2,402,840
Other general revenues	<u>811,247</u>	<u>875,957</u>	<u>221,641</u>	<u>102,603</u>	<u>1,032,888</u>	<u>978,560</u>
Total revenues	<u>10,132,449</u>	<u>10,543,493</u>	<u>9,705,773</u>	<u>14,361,143</u>	<u>19,838,222</u>	<u>24,904,636</u>
Program expenses						
General government	2,555,401	2,433,789	-	-	2,555,401	2,433,789
Public safety	4,491,832	4,517,283	-	-	4,491,832	4,517,283
Public works	1,413,730	1,082,396	-	-	1,413,730	1,082,396
Culture and recreation	340,967	426,049	-	-	340,967	426,049
Economic development	449,966	775,622	-	-	449,966	775,622
Debt service - interest	169,153	180,978	-	-	169,153	180,978
Moss Point public utilities	<u>-</u>	<u>-</u>	<u>11,427,209</u>	<u>11,640,910</u>	<u>11,427,209</u>	<u>11,640,910</u>
Total expenses	<u>9,421,049</u>	<u>9,416,117</u>	<u>11,427,209</u>	<u>11,640,910</u>	<u>20,848,258</u>	<u>21,057,027</u>
Excess(deficiency) of revenues over (under) expenditures	<u>711,400</u>	<u>1,127,376</u>	<u>(1,721,436)</u>	<u>2,720,233</u>	<u>(1,010,036)</u>	<u>3,847,609</u>
Transfers in (out)	<u>(302,834)</u>	<u>(10)</u>	<u>302,834</u>	<u>10</u>	<u>-</u>	<u>-</u>
Change in net position	408,566	1,127,366	(1,418,602)	2,720,243	(1,010,036)	3,847,609
Net position - beginning of year	<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>
Prior period adjustment	<u>206,305</u>	<u>10,942,088</u>	<u>64,083</u>	<u>(11,564,908)</u>	<u>270,388</u>	<u>(622,820)</u>
Net position, beginning of year, as restated,	<u>21,748,653</u>	<u>20,414,982</u>	<u>21,348,361</u>	<u>18,564,035</u>	<u>43,097,014</u>	<u>38,979,017</u>
Net position - end of year	<u><u>\$22,157,219</u></u>	<u><u>21,542,348</u></u>	<u><u>19,929,759</u></u>	<u><u>21,284,278</u></u>	<u><u>42,086,978</u></u>	<u><u>42,826,626</u></u>

CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

Governmental Activities

Governmental activities increased the City's net position by \$408,566. The overall increase reflects revenues exceeding expenses for the year by \$711,400. This amount was partially due to an increase of \$331,334 in public works expenses of which is related to an increase in public works expenses related to the Clearwater contract.

Revenues for the year experienced a decrease of \$(68,263) in operating grants and contributions as well as a decrease of \$(84,691) in charges for service.

Business-type Activities

Business-type activities decreased the City's total net position by \$(1,418,602) during the year. Revenues for the business-type activities decreased by \$(4,655,370) ((32)%). Expenses for the business-type activities decreased \$(213,701) ((2)%). Expenses decreased by \$(213,701) in the Moss Point Public Utilities fund.

Moss Point Public Utilities fund experienced a decrease in revenues primarily related to decrease in the collections of water charges and solid waste disposal.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,554,637, an increase of \$656,902 in comparison with the prior year. This overall increase was primarily due to the \$764,195 increase in the General fund. The balance in this fund increased primarily due the increase of revenues during the year.

Of the combined \$5,554,637 governmental fund balances at year end \$1,377,705 (25%) is classified as restricted by grantors, state or federal laws, or enabling legislation; \$794 is classified as committed; and \$- is classified as assigned. The remaining \$4,176,138 is classified as unassigned (75%). By definition unassigned balances include all deficit balances. There were no unassigned fund balance deficits at year-end.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,176,138, while the total fund balance was \$4,291,549. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned and total general fund balances at the end of the fiscal year represent 52% and 54%, respectively, of total general fund expenditures. These percentages decreased from the prior year computation of unassigned and total fund balances of 42% and 44%, respectively. The City's general fund balance increased by \$764,195 during the current fiscal year.

CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

Total net position for the City's enterprise funds as of September 30, 2020 was \$19,929,759, a decrease of \$(1,418,602) from the previous fiscal year's net position. Of the net position of the enterprise funds, \$23,500,490 is the net investment in capital assets of the enterprise funds. Unrestricted net position totaled \$(3,570,731), a decrease of \$(2,237,932) compared to the previous year.

Unrestricted net position of the Enterprise Funds at the end of the fiscal year were \$(3,570,741) for the Moss Point Public Utilities fund and \$10 for the KCR Sanitary Sewer Project fund. Moss Point Public Utilities fund showed a decrease in fund balance while the KCR Sanitary Sewer Project fund was unchanged from the prior year. Other factors concerning the finances of these funds are addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's budget is prepared according to Mississippi Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report on pages 75 through 76 as required supplemental information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$67,652,500 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, and machinery and equipment. The City's investment in capital assets for the current fiscal year decreased by \$1,423,048 and \$315,868 for governmental activities and business-type activities, respectively, compared to the prior year.

Major capital asset events during the current fiscal year included the following:

- ◆ Additions to capital assets (net of asset retirements) totaled \$1,021,640.
- ◆ Major asset additions included \$894,782 in construction in progress for the KCR sewer sanitation project.

Depreciation expense totaled \$2,760,556 for the year with \$1,549,906 in the governmental activities and \$1,210,650 in the business-type activities.

CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

The following table presents a summary of the City's capital assets (net of depreciation) for the current and prior fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,091,426	2,091,426	43,232	43,232	2,134,658	2,134,658
Construction in progress	-	-	-	3,554,971	-	3,554,971
Buildings and improvements	12,250,977	12,707,241	3,132,366	3,380,687	15,383,343	16,087,928
Improvements - other	1,696,024	1,833,461	-	-	1,696,024	1,833,461
Infrastructure	14,218,554	14,841,755	32,925,124	29,430,168	47,143,678	44,271,923
Machinery and equipment	911,770	1,071,301	10,116	17,648	921,886	1,088,949
Property under capital leases	<u>372,911</u>	<u>419,526</u>	<u>-</u>	<u>-</u>	<u>372,911</u>	<u>419,526</u>
Total	<u>\$31,541,662</u>	<u>32,964,710</u>	<u>36,110,838</u>	<u>36,426,706</u>	<u>67,652,500</u>	<u>69,391,416</u>

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term Liabilities

At September 30, 2020 and 2019, the City had \$27,524,514 and \$29,087,019, respectively, in long-term liabilities outstanding. As of September 30, 2020, principal payments in the amount of \$1,673,096 were due within one year.

The following table summarizes long-term liabilities outstanding as of September 30, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds (backed by the City)	\$ 1,835,000	1,950,000	-	-	1,835,000	1,950,000
Special obligation bonds (backed by the City)	1,775,000	1,915,000	-	-	1,775,000	1,915,000
Notes payable	813,857	958,010	2,856,420	3,132,783	3,670,277	4,090,793
Capital leases	194,869	258,308	9,753,928	10,612,791	9,948,797	10,871,099
Compensated absences	228,844	437,473	-	-	228,844	437,473
Net pension liability	<u>10,066,596</u>	<u>9,822,654</u>	<u>-</u>	<u>-</u>	<u>10,066,596</u>	<u>9,822,654</u>
Total	<u>\$14,914,166</u>	<u>15,341,445</u>	<u>12,610,348</u>	<u>13,745,574</u>	<u>27,524,514</u>	<u>29,087,019</u>

More detailed information about the City's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's fiscal year 2021 budget remained flat due to the uncertainty of potential impacts to revenues from COVID-19. The addition of one car dealership within the City has been responsible for significant increases in multiple revenue streams for the City. Even with conservative revenue estimates, the City enjoyed some moderate increases in sales tax, property tax, and permit fees.

CITY OF MOSS POINT, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020
(UNAUDITED)

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Comptroller's Office at P.O. Box 6519, Moss Point, Mississippi, 39540.

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BASIC FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- ◆ Government-wide financial statements
 - Statement of Net Position
 - Statement of Activities

- ◆ Fund financial statements:
 - Governmental funds
 - Proprietary (enterprise) funds
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,910,813	10	3,910,823
Receivables			
Taxes receivable	5,303,017	-	5,303,017
Intergovernmental receivables	347,467	199,043	546,510
Accounts receivable, net of allowances for uncollectible	861,558	1,453,154	2,314,712
Internal balances	1,440,092	(1,440,092)	-
Prepaid expenses	67,673	-	67,673
Capital assets:			
Land and construction in progress	2,091,426	4,492,985	6,584,411
Other capital assets, net of depreciation	29,450,236	31,617,853	61,068,089
Total capital assets, net	31,541,662	36,110,838	67,652,500
Total assets	43,472,282	36,322,953	79,795,235
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	706,753	-	706,753
Total deferred outflows of resources	706,753	-	706,753
LIABILITIES			
Current liabilities:			
Cash overdraft - pooled cash	-	2,615,115	2,615,115
Accounts payable and accrued expenses	396,651	639,274	1,035,925
Due to other governments	14,412	-	14,412
Unearned revenues	184,275	-	184,275
Long-term liabilities:			
Due within one year			
Bonds and notes payable	411,599	258,642	670,241
Capital lease payable	57,769	887,875	945,644
Compensated absences	57,211	-	57,211
Payable from restricted assets:			
Customer deposits	-	528,457	528,457
Due in more than one year			
Bonds and notes payable	4,012,258	2,597,778	6,610,036
Capital lease payable	137,100	8,866,053	9,003,153
Compensated absences	171,633	-	171,633
Net pension liability	10,066,596	-	10,066,596
Total liabilities	15,509,504	16,393,194	31,902,698
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,544,288	-	1,544,288
Deferred inflows of resources related to property tax revenue	4,968,024	-	4,968,024
Total deferred inflows of resources	6,512,312	-	6,512,312
NET POSITION			
Investment in capital assets (net of related debt)	26,922,936	23,500,490	50,423,426
Restricted - nonspendable	67,673	-	67,673
Restricted for:			
Public safety	338,249	-	338,249
Public works	100,283	-	100,283
Economic development	160,776	-	160,776
Debt service	519,317	-	519,317
Grant/bond purposes	142,470	-	142,470
Unrestricted net position	(6,094,485)	(3,570,731)	(9,665,216)
Total net position	\$ 22,157,219	19,929,759	42,086,978

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

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

		Program revenue			Net (expense) revenue and changes in net position		
		Charges for	Operating	Capital Grants	Governmental	Business-	Total
	Expenses	service	Grants and Contributions	and Contributions	activities	type activities	
Governmental activities:							
General government	\$ 2,555,401	468,337	-	-	(2,087,064)	-	(2,087,064)
Public safety	4,491,832	125,968	9,070	221,028	(4,135,766)	-	(4,135,766)
Public works	1,413,730	-	-	396,064	(1,017,666)	-	(1,017,666)
Culture and recreation	340,967	15,592	102,184	-	(223,191)	-	(223,191)
Economic development	449,966	6,900	-	-	(443,066)	-	(443,066)
Debt service - interest	169,153	-	-	-	(169,153)	-	(169,153)
Total governmental activities	<u>9,421,049</u>	<u>616,797</u>	<u>111,254</u>	<u>617,092</u>	<u>(8,075,906)</u>	<u>-</u>	<u>(8,075,906)</u>
Business-type activities:							
Moss Point Public Utility	11,427,209	8,589,350	-	-	-	(2,837,859)	(2,837,859)
KCR Sanitary Sewer Project	-	-	-	894,782	-	894,782	894,782
Total business-type activities	<u>11,427,209</u>	<u>8,589,350</u>	<u>-</u>	<u>894,782</u>	<u>-</u>	<u>(1,943,077)</u>	<u>(1,943,077)</u>
Total primary	<u>\$20,848,258</u>	<u>9,206,147</u>	<u>111,254</u>	<u>1,511,874</u>	<u>(8,075,906)</u>	<u>(1,943,077)</u>	<u>(10,018,983)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					4,140,918	-	4,140,918
Property taxes, levied for special purposes					506,210	-	506,210
Property taxes, in lieu					7,494	-	7,494
Franchise taxes					1,038,337	-	1,038,337
Sales tax					2,283,100	-	2,283,100
Road and bridges taxes					411,375	-	411,375
Grants and contributions in aid					353,599	-	353,599
Unrestricted interest earnings					12,448	2,371	14,819
Miscellaneous					33,825	219,270	253,095
Transfers in (out)					(302,834)	302,834	-
Total general revenues and transfers					<u>8,484,472</u>	<u>524,475</u>	<u>9,008,947</u>
CHANGES IN NET POSITION					408,566	(1,418,602)	(1,010,036)
Net position - beginning					<u>21,542,348</u>	<u>21,284,278</u>	<u>42,826,626</u>
Prior period adjustments, Note 16					<u>206,305</u>	<u>64,083</u>	<u>270,388</u>
Net position - beginning as restated					<u>21,748,653</u>	<u>21,348,361</u>	<u>43,097,014</u>
Net position - ending					<u>\$ 22,157,219</u>	<u>19,929,759</u>	<u>42,086,978</u>

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

FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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CITY OF MOSS POINT, MISSISSIPPI
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,381,123	1,529,690	3,910,813
Receivables, net, where applicable:			
Property taxes	4,480,537	531,519	5,012,056
Franchise taxes	290,961	-	290,961
Intergovernmental	293,452	54,015	347,467
Court fines & fees	861,558	-	861,558
Due from other funds	1,531,443	48,310	1,579,753
Prepaid expenses	<u>67,673</u>	<u>-</u>	<u>67,673</u>
Total assets	<u>\$ 9,906,747</u>	<u>2,163,534</u>	<u>12,070,281</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 33,718	83,455	117,173
Other accrued liabilities	230,541	-	230,541
Due to other governments	-	14,412	14,412
Unearned revenue	-	184,275	184,275
Due to other funds	<u>48,310</u>	<u>91,351</u>	<u>139,661</u>
Total liabilities	<u>312,569</u>	<u>373,493</u>	<u>686,062</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenue	4,441,071	526,953	4,968,024
Court fines revenue	<u>861,558</u>	<u>-</u>	<u>861,558</u>
Total deferred inflows of resources	<u>5,302,629</u>	<u>526,953</u>	<u>5,829,582</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	67,673	-	67,673
Restricted for:			
Public safety	-	338,249	338,249
Public works	-	100,283	100,283
Economic development	47,738	113,038	160,776
Debt service	-	568,254	568,254
Grant/bond purposes	-	142,470	142,470
Committed for:			
Culture and recreation	-	794	794
Unassigned	<u>4,176,138</u>	<u>-</u>	<u>4,176,138</u>
Total fund balances	<u>4,291,549</u>	<u>1,263,088</u>	<u>5,554,637</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,906,747</u>	<u>2,163,534</u>	<u>12,070,281</u>

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

CITY OF MOSS POINT, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2020

Total governmental funds balance **\$ 5,554,637**

Amounts reported for governmental activities in the statement of net position are different than those reported in the fund financial statements because of the following:

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

Governmental capital assets	58,810,586	
Less: accumulated depreciation	(27,268,924)	31,541,662

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds		861,558
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	706,753	
Deferred inflows of resources related to pensions	(1,544,288)	(837,535)

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable	(48,937)	
Bonds and notes payable	(4,423,857)	
Capital lease payable	(194,869)	
Compensated absences	(228,844)	
Net pension liability	(10,066,596)	(14,963,103)

Net position of governmental activities **\$ 22,157,219**

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

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 4,169,515	485,107	4,654,622
Franchise fees	1,038,337	-	1,038,337
Fees and fines	82,876	-	82,876
Licenses and permits	85,593	-	85,593
Intergovernmental	2,893,796	892,110	3,785,906
Charges for services	388,850	6,900	395,750
Interest income	8,470	3,978	12,448
Miscellaneous	29,825	4,000	33,825
Total revenues	<u>8,697,262</u>	<u>1,392,095</u>	<u>10,089,357</u>
EXPENDITURES			
Current:			
General government	2,230,164	80,520	2,310,684
Public safety	4,566,984	101,948	4,668,932
Public works	742,256	-	742,256
Culture and recreation	198,951	85,166	284,117
Economic development	32,907	332,122	365,029
Debt service:			
Principal payments	151,949	310,643	462,592
Interest and fiscal charges	27,256	141,897	169,153
Capital outlay	23,752	103,106	126,858
Total expenditures	<u>7,974,219</u>	<u>1,155,402</u>	<u>9,129,621</u>
Excess (deficiency) of revenues over (under) expenditures	<u>723,043</u>	<u>236,693</u>	<u>959,736</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	41,152	(343,986)	(302,834)
Total other financing sources (uses)	<u>41,152</u>	<u>(343,986)</u>	<u>(302,834)</u>
Net changes in fund balances	764,195	(107,293)	656,902
Fund balance - beginning of year	<u>3,527,354</u>	<u>1,370,381</u>	<u>4,897,735</u>
Fund balance - end of year	<u><u>\$ 4,291,549</u></u>	<u><u>1,263,088</u></u>	<u><u>5,554,637</u></u>

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

CITY OF MOSS POINT, MISSISSIPPI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds \$ 656,902

Amounts reported for governmental activities in the statement of activities are different than those reported in the fund financial statements because of the following:

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. This is the amount by which depreciation expense exceeded capital outlay in the current period:

Capital outlay	126,858	
Depreciation expense	<u>(1,549,906)</u>	(1,423,048)

Receivables that do not meet the "measurable and available" criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned.

43,090

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

462,592

Pension expense recorded in the Statement of Activities does not require the use of current financial resources.

666,759

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 the funds:

Accrued compensated absences	<u>2,271</u>	<u>2,271</u>
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Changes in net position of governmental activities \$ 408,566

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

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CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2020

	Enterprise Funds		
	Major Funds		
	Moss Point Public Utilities Fund	KCR Sanitary Sewer Project Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	10	10
Accounts receivable, net	1,453,154	-	1,453,154
Due from other governments	-	199,043	199,043
Total current assets	<u>1,453,154</u>	<u>199,053</u>	<u>1,652,207</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	43,232	4,449,753	4,492,985
Other capital assets, net of accumulated depreciation	<u>31,617,853</u>	<u>-</u>	<u>31,617,853</u>
Total noncurrent assets	<u>31,661,085</u>	<u>4,449,753</u>	<u>36,110,838</u>
Total assets	<u>33,114,239</u>	<u>4,648,806</u>	<u>37,763,045</u>
LIABILITIES			
Current liabilities:			
Cash overdraft - pooled cash fund	2,615,115	-	2,615,115
Accounts payable and accrued liabilities	440,231	199,043	639,274
Due to other funds	1,440,092	-	1,440,092
Bonds and notes payable	258,642	-	258,642
Capital lease payable	887,875	-	887,875
Payable from restricted assets:			
Customer deposits	<u>528,457</u>	<u>-</u>	<u>528,457</u>
Total current liabilities	<u>6,170,412</u>	<u>199,043</u>	<u>6,369,455</u>
Noncurrent liabilities:			
Bonds and notes payable	2,597,778	-	2,597,778
Capital lease payable	<u>8,866,053</u>	<u>-</u>	<u>8,866,053</u>
Total noncurrent liabilities:	<u>11,463,831</u>	<u>-</u>	<u>11,463,831</u>
Total liabilities	<u>17,634,243</u>	<u>199,043</u>	<u>17,833,286</u>
NET POSITION			
Invested in capital assets, net of related debt	19,050,737	4,449,753	23,500,490
Unrestricted	<u>(3,570,741)</u>	<u>10</u>	<u>(3,570,731)</u>
Total net position	<u>\$ 15,479,996</u>	<u>4,449,763</u>	<u>19,929,759</u>

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

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	Enterprise Funds		
	Major Funds		
	Moss Point Public Utilities Fund	KCR Sanitary Sewer Project Fund	Total Enterprise Funds
OPERATING REVENUES			
Charges for services	\$ 8,589,350	-	8,589,350
Miscellaneous	219,270	-	219,270
Total operating revenues	8,808,620	-	8,808,620
OPERATING EXPENSES			
Administrative expenses	460,683	-	460,683
Professional contracts	3,335,256	-	3,335,256
Wastewater treatment	3,871,152	-	3,871,152
Natural gas purchases	482,483	-	482,483
Waste collection	915,895	-	915,895
Utilities	608,152	-	608,152
Other supplies and materials	49,281	-	49,281
Depreciation	1,210,650	-	1,210,650
Other services and charges	80,552	-	80,552
Total operating expenses	11,014,104	-	11,014,104
Operating income (loss)	(2,205,484)	-	(2,205,484)
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	2,371	-	2,371
Interest expense	(413,105)	-	(413,105)
Grants and contributions in aid	-	894,782	894,782
Transfers in (out)	302,834	-	302,834
Total nonoperating revenues (expenses)	(107,900)	894,782	786,882
Change in net position	(2,313,384)	894,782	(1,418,602)
Total net position - beginning of year	17,729,297	3,554,981	21,284,278
Prior period adjustments, Note 16	64,083	-	64,083
Total net position - beginning as restated	17,793,380	3,554,981	21,348,361
Total net position - end of year	\$ 15,479,996	4,449,763	19,929,759

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

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	Enterprise Funds		
	Major Funds		
	Moss Point Public Utilities Fund	KCR Sanitary Sewer Project Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 9,769,571	-	9,769,571
Payments for goods and services	(9,757,493)	(726,668)	(10,484,161)
Other receipts (payments)	219,270	-	219,270
Net cash provided (used) by operating activities	231,348	(726,668)	(495,320)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from grants and contributions in aid	-	1,621,450	1,621,450
Transfers to / from other funds	(396,757)	-	(396,757)
Net cash provided in noncapital financing activities	(396,757)	1,621,450	1,224,693
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and construction of capital assets	-	(894,782)	(894,782)
Principal paid on capital debt	(1,135,200)	-	(1,135,200)
Interest paid on capital debt	(413,105)	-	(413,105)
Net cash (used) in capital and related financing activities	(1,548,305)	(894,782)	(2,443,087)
CASH FLOWS FROM INVESTING ACTIVITIES			
Restricted customer deposits	15,369	-	15,369
Interest received	2,371	-	2,371
Net cash provided by investing activities	17,740	-	17,740
Net increase (decrease) in cash and cash equivalents	(1,695,974)	-	(1,695,974)
Beginning of the year	(919,141)	10	(919,131)
End of the year	<u><u>\$ (2,615,115)</u></u>	<u><u>10</u></u>	<u><u>(2,615,105)</u></u>

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

CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2020

	Enterprise Funds		
	Major Funds		
	Moss Point Public Utilities Fund	KCR Sanitary Sewer Project Fund	Total Enterprise Funds
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>			
Operating income (loss)	\$ (2,205,484)	-	(2,205,484)
Adjustments to reconcile operating income (loss) to net cash			
Depreciation expense	1,210,650	-	1,210,650
(Increase) decrease in current assets:			
Accounts receivable	1,185,757	-	1,185,757
Increase (decrease) in current liabilities:			
Accounts payable	45,963	(726,668)	(680,705)
Other liabilities	(5,538)	-	(5,538)
Net cash provided (used) by operating activities	\$ 231,348	(726,668)	(495,320)

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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CITY OF MOSS POINT, MISSISSIPPI
STATEMENT OF NET POSITION- FIDUCIARY FUND
September 30, 2020

	<u>Tax Collector Clearing Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 52,809
Total assets	<u>\$ 52,809</u>
LIABILITIES	
Accounts payable	\$ 52,809
Total liabilities	<u>\$ 52,809</u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Moss Point, Mississippi (the "City") was incorporated on May 17, 1901. 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 financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body of establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The City does not have any component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14*.

B. Basis of Presentation

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 activities of the primary government. For the most part, the effect of interfund activity 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to function in the statement of activities. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows/inflows, liabilities, net position/fund equity, revenues, and expenditures/expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance.

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary funds are classified as enterprise funds.

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.

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:

Major Governmental Funds

- ◆ General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Major Enterprise Funds

- ◆ Moss Point Public Utilities Fund accounts for operations of the City's water, sewer, and garbage system.
- ◆ KCR Sanitary Sewer Project Fund accounts for grant revenues received from the federal government for improvements to the sewer system within the City.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 two debt service funds, the Bond Redemption Fund and the 2013 GO 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 four capital projects funds, the Rejuvenation Station Fund, the Road and Bridges Fund, the Mississippi Infrastructure Modernization 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are recorded as unearned revenues.

The City reports unearned revenues on its governmental funds balance sheet. Unearned revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board. The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balances

Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. All cash and cash equivalents are reported at their carrying amounts, which reasonably approximates fair value.

For purposes of the statement of cash flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, if any, are considered to be cash equivalents.

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, 2020.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Allowance for Uncollectible Amounts

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.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

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.

Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital position utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

Compensated Absences

Vacation benefits and sick leave are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. All compensated absences liabilities include salary-related payments, where applicable.

The City accrues accumulated unpaid vacation leave at the end of the fiscal year. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "when due". The non-current portion (the amount estimated to be used beyond the next fiscal year) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City's policy allows employees to accumulate unused sick leave on an unlimited basis; however, vacation leave must be used before the employee's next anniversary unless they have prior approval from their department head. Upon termination, any accumulated vacation will be paid to the employee. Any earned vacation hours in excess of 240 hours is certified and sent to the Public Employees Retirement System (PERS). Sick leave is not paid upon termination, however, any unused sick time is also certified and sent to PERS.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Debt Premiums, Discounts and Issuance Costs

On the government-wide and proprietary fund type statement of activities, unamortized debt premiums and discounts, are deferred and amortized over the life of the debt using the straight-line method that approximates the effective interest method. Debt issuance costs are expenses as incurred.

At the governmental fund reporting level, debt fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

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 Mississippi Public Employees' Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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.

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 statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has a deferred outflow which is presented as a deferred outflow of resources related to pension obligations.

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 future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has a deferred inflow which is presented as a deferred inflow of resources related to pension obligations and property tax revenues. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position/Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

In the Government-Wide financial statements, the difference between the City's total assets and deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components:

- ◆ Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvement of those assets.
- ◆ Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- ◆ Unrestricted net position - 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.

Generally, governmental fund balances represent the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ◆ Nonspendable - Includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.
- ◆ Restricted - Includes amounts that have constraints placed upon the use of the resources either by external party or imposed by law through a constitutional provision or enabling legislation.
- ◆ Committed - Includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Aldermen as approved in the board minutes.
- ◆ Assigned - Includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent can be expressed by the City's Board of Aldermen or by an official or body to which the City's Board of Aldermen delegates the authority. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- ◆ Unassigned - Is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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 & Commercial Vehicle Tax	Street and Road purposes
Water and Sewer Revenue	Debt Service and Utility Operations
Grant Program Expenditures	Grant agreements
Ad Valorem Tax	Debt Service

For the year ended September 30, 2020, the City complied, in all material respects, with these revenue restrictions.

Net position restricted through enabling legislation consists of \$519,317 for service of debt; \$125,183 for State Seizure funds; \$113,855 for Federal Seizure funds; \$100,283 for public works; \$160,776 for economic development purposes; \$142,470 for grant purposes; and \$99,211 for Fire Rebate by the State Insurance Commission.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and 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.

The City does not have a minimum fund balance policy.

Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Internal Activity

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund from which expenditures were initially made that are properly applicable to another fund are recorded as expenditures in the fund that is reimbursed. Outstanding reimbursements are recorded as due to or from other funds. Net receivables or payables from other funds are reported as internal balances in the government-wide statement of net position.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reclassification

Certain reclassifications have been made to the September 30, 2020 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Deficit Fund Equity

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

	Fund Deficit
Governmental Funds:	
Rejuvenation Station	\$ (36,549)
Community Development Block Grant Fund	(13,378)

NOTE 2. DEPOSITS

State law requires that all deposits in excess of FDIC insurance limits be 105% collateralized by U.S. Government obligations or by state municipal obligations that have a fair value of not less than the principal amount of the deposits. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the FDIC.

At year-end, the carrying amount of the City's deposits was \$3,910,823, and the respective bank balances totaled \$3,157,413.

The City's deposits were fully insured or collateralized as required by statute at September 30, 2020.

The City's policies regarding deposits of cash are discussed in Note 1 D. The City deposits funds in financial institutions selected by the Board of Aldermen in accordance with Mississippi statutes. The approved city depositories for the 2019-2020 calendar years are Hancock Bank and Merchants and Marine Bank.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 2. DEPOSITS (continued)

Deposits at September 30, 2020, (including restricted deposits) are as follows:

<u>Deposits</u>	<u>Bank Balances</u>	<u>Total Carrying Value</u>
Pooled deposits:		
Cash and cash equivalents	\$ 3,157,413	3,910,823
	<u>\$ 3,157,413</u>	<u>3,910,823</u>
Reconciliation to government-wide statement of net assets:		
Unrestricted cash		3,910,823
		<u>\$ 3,910,823</u>

Custodial Credit Risk - Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Depositories must be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in an amount equal to 105% of the uninsured deposit. The City's policies regarding legal requirements of deposits are discussed above.

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2020, consisted of the following:

<u>Functions/Programs</u>	<u>Accounts Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Accounts Receivable</u>
Governmental activities:			
Property taxes	\$ 5,012,056	-	5,012,056
Franchise taxes	290,961	-	290,961
Police court fines	8,036,922	7,175,364	861,558
Intergovernmental receivables	347,467	-	347,467
Total governmental activities	<u>\$ 13,687,406</u>	<u>7,175,364</u>	<u>6,512,042</u>
Business-type activities:			
Moss Point Utilities Fund	\$ 5,746,207	4,293,053	1,453,154
Intergovernmental receivables	199,043	-	199,043
Total business-type activities	<u>\$ 5,945,250</u>	<u>4,293,053</u>	<u>1,652,197</u>

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

Capital Assets	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,091,426	-	-	2,091,426
Total capital assets not being depreciated	<u>2,091,426</u>	<u>-</u>	<u>-</u>	<u>2,091,426</u>
Capital assets being depreciated:				
Buildings	18,837,559	-	-	18,837,559
Improvements - other	2,742,514	-	-	2,742,514
Infrastructure	23,918,928	-	-	23,918,928
Machinery and equipment	10,426,261	126,858	-	10,553,119
Leased property under capital leases	<u>667,038</u>	<u>-</u>	<u>-</u>	<u>667,038</u>
Total capital assets being depreciated	<u>56,592,300</u>	<u>126,858</u>	<u>-</u>	<u>56,719,158</u>
Less accumulated depreciation for:				
Buildings	6,130,318	456,264	-	6,586,582
Improvements - other	909,053	137,437	-	1,046,490
Infrastructure	9,077,173	623,201	-	9,700,374
Machinery and equipment	9,354,960	286,389	-	9,641,349
Leased property under capital leases	<u>247,512</u>	<u>46,615</u>	<u>-</u>	<u>294,127</u>
Total accumulated depreciation	<u>25,719,016</u>	<u>1,549,906</u>	<u>-</u>	<u>27,268,922</u>
Total capital assets being depreciated, net	<u>30,873,284</u>	<u>(1,423,048)</u>	<u>-</u>	<u>29,450,236</u>
Total governmental activities	<u>\$ 32,964,710</u>	<u>(1,423,048)</u>	<u>-</u>	<u>31,541,662</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 43,232	-	-	43,232
Construction in progress	<u>3,554,971</u>	<u>894,782</u>	<u>(4,449,753)</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,598,203</u>	<u>894,782</u>	<u>(4,449,753)</u>	<u>43,232</u>
Capital assets being depreciated:				
Buildings and improvements	18,441,735	-	-	18,441,735
Water/sewer infrastructure and improvements	64,540,871	4,449,753	-	68,990,624
Machinery and equipment	<u>2,162,982</u>	<u>-</u>	<u>-</u>	<u>2,162,982</u>
Total capital assets being depreciated	<u>85,145,588</u>	<u>4,449,753</u>	<u>-</u>	<u>89,595,341</u>
Less accumulated depreciation for:				
Buildings and improvements	15,061,049	248,320	-	15,309,369
Water/sewer infrastructure and improvements	35,110,703	954,797	-	36,065,500
Machinery and equipment	<u>2,145,333</u>	<u>7,533</u>	<u>-</u>	<u>2,152,866</u>
Total accumulated depreciation	<u>52,317,085</u>	<u>1,210,650</u>	<u>-</u>	<u>53,527,735</u>
Total capital assets being depreciated, net	<u>32,828,503</u>	<u>3,239,103</u>	<u>-</u>	<u>36,067,606</u>
Total business-type activities	<u>\$ 36,426,706</u>	<u>4,133,885</u>	<u>(4,449,753)</u>	<u>36,110,838</u>

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 4. CAPITAL ASSETS (continued)

Depreciation expense was charged to programs for the year ended September 30, 2020 as follows:

Functions/Programs	Depreciation Expense
Governmental activities:	
General government	\$ 304,228
Public safety	394,936
Public works	671,474
Culture and recreation	63,463
Economic development	<u>115,805</u>
Total	<u>\$ 1,549,906</u>
Business-type activities:	
Moss Point Public Utilities Fund	\$ <u>1,210,650</u>
Total business-type activities depreciation expense	<u>\$ 1,210,650</u>

NOTE 5. LONG-TERM LIABILITIES

The City's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. Long-term liability activity for the year ended September 30, 2020, is shown below:

Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation debt	\$ 1,950,000	-	115,000	1,835,000	115,000
Special obligation debt	1,915,000	-	140,000	1,775,000	145,000
Notes payable	958,010	-	144,153	813,857	151,599
Capital leases	258,308	-	63,439	194,869	57,769
Compensated absences	437,473	-	208,629	228,844	57,211
Net pension liability	<u>9,822,654</u>	<u>243,942</u>	<u>-</u>	<u>10,066,596</u>	<u>-</u>
Total governmental activities	<u>\$ 15,341,445</u>	<u>243,942</u>	<u>671,221</u>	<u>14,914,166</u>	<u>526,579</u>
Business-type activities:					
Notes payable	\$ 3,132,783	-	276,363	2,856,420	258,642
Capital leases	<u>10,612,791</u>	<u>-</u>	<u>858,863</u>	<u>9,753,928</u>	<u>887,875</u>
Total business-type activities	<u>\$ 13,745,574</u>	<u>-</u>	<u>1,135,226</u>	<u>12,610,348</u>	<u>1,146,517</u>

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 5. LONG-TERM LIABILITIES (continued)

A. Obligation Bonds Payable

At September 30, 2020, the City's outstanding bonds payable are described as follows:

Bonds Payable	Date of Issue	Final Maturity Date	Rates	Original Issue	Balance September 30, 2020
Governmental activities:					
Obligation bonds:					
Special Obligation Bond, Series 2010	6/01/2010	6/01/2030	2.0%-4.625%	\$ 3,000,000	1,775,000
General Obligation Capital Improvement, Series 2013	5/30/2013	5/01/2033	2.25%-2.875%	2,565,000	<u>1,835,000</u>
Total governmental activities					\$ <u>3,610,000</u>

Obligation bonds generally are issued as serial bonds with certain amounts of principal maturing each year. The annual debt service requirements to maturity for Obligation bonds are as follows:

Year Ending September 30,		Obligation Bonds	
		Principal	Interest
Governmental activities:			
	2021	\$ 260,000	125,912
	2022	270,000	112,287
	2023	285,000	98,912
	2024	295,000	89,300
	2025	300,000	81,044
	2026-2030	1,710,000	244,153
	2031-2035	<u>490,000</u>	<u>14,916</u>
Total governmental activities		\$ <u>3,610,000</u>	<u>766,524</u>

Obligation Bonds

Obligation debt represents direct obligations issued on a pledge of the general taxing power of the City for the payment of its debt obligations

The City issues obligation bonds to provide funds for the acquisition and construction of major capital facilities. Obligation bonds are direct obligations and pledge the full faith and credit of the City. The governmental activities bonds are generally repaid from ad valorem taxes through the debt service funds. The water and sewer general obligation bonds are repaid from resources generated by the water and sewer enterprise fund.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 5. LONG-TERM LIABILITIES (continued)

B. Notes Payable

At September 30, 2020, the City's outstanding notes payable are described as follows:

Notes Payable	Date of Issue	Final Maturity Date	Rates	Original Issue	Balance September 30, 2020
Governmental activities:					
Note Payable - M&M Bank	10/13/2015	10/13/2025	2.65%	\$ 1,500,000	813,857
Total governmental activities					<u>\$ 813,857</u>
Business-type activities:					
State Revolving Fund Loan, 2011, \$7,235 monthly	1/12/2011	9/01/2030	1.75%	\$ 1,438,524	795,893
State Revolving Fund Loan, 2011, \$6,477 monthly	7/22/2011	5/01/2031	1.75%	1,292,581	755,827
State Revolving Fund Loan, 2011, \$5,262 monthly	8/31/2011	7/01/2031	1.75%	1,053,773	622,722
Drinking Water System Impr. Revolving Loan, \$6,558 monthly	8/1/2010	3/01/2030	1.95%	1,280,216	681,978
Total business-type activities					<u>\$ 2,856,420</u>

Principal and interest maturities will be as follows:

Year Ending September 30,	Notes payable			
	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2021	\$ 151,599	19,641	258,642	49,198
2022	155,665	15,574	263,206	44,527
2023	159,841	11,399	267,847	39,770
2024	164,128	7,111	272,572	34,927
2025	168,530	2,709	276,483	29,253
2026-2030	14,094	-	1,413,989	74,401
2031-2035	-	-	103,681	716
Total	<u>\$ 813,857</u>	<u>56,434</u>	<u>2,856,420</u>	<u>272,792</u>

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 5. LONG-TERM LIABILITIES (continued)

C. Capital Leases

At September 30, 2020, the City's outstanding capital leases are described as follows:

Capital Leases	Date of Issue	Final Maturity Date	Rates	Original Issue	Annual Installment	Balance September 30, 2020
Governmental activities:						
KS State Bank, secured by pumper truck	1/17/2013	11/01/2022	4.23%	\$ 365,611	45,227	113,822
Bancorp South, secured by 2016 Ford F150 Truck	10/24/2016	10/24/2020	2.28%	29,983	7,968	1,122
Motorola Solutions Inc., secured by fire radio equipment	9/1/2019	9/01/2026	3.91%	94,101	14,176	79,925
Total governmental activities						<u>\$ 194,869</u>
Business-type activities:						
Bancorp South, secured by utility equipment	4/01/2015	4/30/2030	3.35%	\$ 13,554,500	1,207,256	9,753,928
Total business-type activities						<u>\$ 9,753,928</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2020, were as follows:

Year Ending September 30,	Capital Leases			
	Governmental activities		Business-type activities	
	Principal	Interest	Interest	Interest
2021	\$ 57,769	2,930	887,875	319,381
2022	57,675	1,727	917,868	289,388
2023	40,014	2,692	948,874	258,382
2024	12,637	1,539	980,927	226,328
2025	13,131	1,045	1,014,064	193,192
2026-2030	13,643	553	5,004,320	428,386
Total	<u>\$ 194,869</u>	<u>10,486</u>	<u>9,753,928</u>	<u>1,715,057</u>

As of September 30, 2020, the cost of the heavy equipment and vehicles under capital leases for governmental and business type activities was \$490,195 and \$11,304,846, respectively, and accumulated depreciation for those assets was \$145,578 and \$989,174, respectively. Annual amortization expense is included in depreciation expense.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 5. LONG-TERM LIABILITIES (continued)

D. Legal Debt Margin

Per Section 21-33-303 Miss. Code Ann. (1972), the City cannot issue bonds in an amount which, when added to the then outstanding bonded indebtedness of the City shall not exceed fifteen percent of the assessed value of taxable property according to the last completed assessment for taxation. In computing bonded indebtedness, there may be deducted all bonds issued for school, water, sewage systems, gas, light and power purposes. However, in no case shall the total indebtedness exceed twenty percent of all assessed value of the property.

The City's legal debt limit for general obligation bonds is \$14,027,611. At September 30, 2020, the City's legal debt margin, after reduction for outstanding general obligation notes of \$3,610,000, was \$10,417,611.

NOTE 6. INTERFUND BALANCES

Interfund balances at September 30, 2020, consisted of the following:

DUE TO:	DUE FROM:				Total
	Governmental Activities		Business-type Activities		
	General Fund	Other	Moss Point	KCR Sanitary	
		Governmental Funds	Public Utilities Fund	Sewer Project Fund	
Governmental activities:					
General fund	\$ -	91,351	1,440,092	-	1,531,443
Other governmental funds	48,310	-	-	-	48,310
Total	\$ 48,310	91,351	1,440,092	-	1,579,753

Interfund balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 7. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2020 are as follows:

	TRANSFERS IN:				Total
	Governmental Activities		Business-type Activities		
	General Fund	Other	Moss Point	KCR Sanitary	
		Governmental	Public	Sewer Project	
TRANSFERS OUT:	Funds	Utilities Fund	Fund		
Governmental activities:					
Other governmental funds	\$ 41,152	-	302,834	-	343,986
Total	\$ 41,152	-	302,834	-	343,986

Transfers are used to (a) move revenues from the fund that statute or budget requires collecting to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 8. MANAGEMENT FEES

The City's Moss Point Public Utilities Fund (proprietary fund type) pays a management fee to the general fund to cover various costs such as administrative salaries, occupancy costs, etc. Such fees totaled \$460,683 for the year ended September 30, 2020. 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 Moss Point Public Utilities (\$460,683) fund in the Statement of Activities and "contractual services" expenditures in the Moss Point Public Utilities Fund in the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.

NOTE 9. PROPERTY AND SALES TAX REVENUE

A. Property Tax Revenues

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

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, 2020 was 54.19 mills or \$54.19 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 \$2,014,156.

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, 2020 was \$268,944.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 10. PENSIONS

A. Defined Benefit Pension Plan

Plan Description

The City of Moss Point, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's 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.

Contributions

PERS members are required to contribute 9.00% of their annual covered salary and the City of Moss Point, Mississippi is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

The City of Moss Point, Mississippi's contribution to PERS for the year ended September 30, 2020, 2019, and 2018 was \$607,578, \$572,107, and \$639,147 respectively, which equal to the required contributions for each year.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 10. PENSIONS (continued)

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

At September 30, 2020, the City reported a liability of \$10,066,596 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was 0.05 percent, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$(76,103). At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Annual Changes	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 87,379	-
Net difference between projected and actual earnings on pension plan investments	413,497	-
Changes of assumptions	56,313	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	-	1,544,288
The City contributions subsequent to the measurement date	149,564	-
Total	\$ 706,753	1,544,288

\$149,564 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	Pension Expense
2021	\$ (841,177)
2022	(348,588)
2023	69,423
2024	133,243
2025	-
Thereafter	-
Total	\$ (987,099)

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 10. PENSIONS (continued)

Actuarial assumptions

The total pension liability in the June 30, 2019 actuarial valuation and measurement date determined as of June 30, 2020, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.00-18.25%, including inflation
Investment rate of return	7.75%, 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 MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, 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	0.50
Real estate	10.00	4.00
Private equity	8.00	6.25
Cash equivalents	1.00	-
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 10. PENSIONS (continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The City's proportionate share of the net pension liability	\$ 12,528,819	10,066,596	7,327,520

Pension plan fiduciary net position

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

B. Deferred Compensation Plan

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

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

NOTE 11. COMMITMENTS AND CONTINGENCIES

A. Contract Commitments

Service Contracts

The City contracts with private contractors for various services. The following represents a significant service commitment as of September 30, 2020:

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 units that will be adjusted monthly. This contract is for a 4-year period beginning May 1, 2016 and has an option for up to two additional one-year terms of the contract. For the fiscal year ended September 30, 2020, the City Paid \$915,895 for the operations of solid waste collections under this contract.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 11. COMMITMENTS AND CONTINGENCIES (continued)

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. The contract was renewed on February 16, 2020. 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 \$3,264,164 or monthly payments of \$272,014, for five years with an option to renew for one year. For the fiscal year ended September 30, 2020, the City paid \$2,613,591.

B. Grants and Awards

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed by management to be material.

C. Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

D. 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. The City is covered for significant losses through commercial insurance carriers.

Workers 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, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 12. 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.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 12. RELATED-PARTY COMMITMENTS (continued)

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, 2020, 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, 2020. 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 \$3,871,152 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 2020 financial statements should be on file at the administrative offices of the Authority which are located at 1225 Jackson Avenue, Pascagoula, MS 39567.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 13. TAX ABATEMENTS

As of September 30, 2020 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 negotiates property tax abatement agreements on an individual basis. As of September 30, 2020, the City has no tax abatement agreements.

NOTE 14. UNCERTAINTIES

A novel strain of Coronavirus (COVID-19) spread across the world and was declared a pandemic by the World Health Organization on March 11, 2020. As a result of the spread of COVID-19, economic uncertainties have arisen. The extent of the impact of COVID-19 on operational and financial performance will depend on the duration and spread of the outbreak.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

NOTE 15. EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of \$(9,665,216) 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 \$149,564 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 \$557,189 balance of deferred outflow of resources, at September 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of \$(9,665,216) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,544,288 balance of the deferred inflow of resources at September 30, 2020 will be recognized as revenue and increase unrestricted net position over the next 4 years.

The unrestricted net position amount of \$(9,665,216) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from property tax revenue. The \$4,968,024 balance of the deferred inflow of resources at September 30, 2020 will be recognized as revenue and increase unrestricted net position in the year ended September 30, 2021.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

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

Prior period adjustments made to the statement of net position for Governmental activities

Governmental activities net position, September 30, 2019 as originally presented	\$ 21,542,348
To correct overstatement of compensated absences liability	<u>206,305</u>
Governmental activities net position as restated, September 30, 2019	<u>\$ 21,748,653</u>

Prior Period Adjustments to Business-type Fund Balances and Business-type Activities Net Position

Business-type activities net position, September 30, 2019 as originally presented	\$ 21,284,278
To correct understatement of cash balances	<u>64,083</u>
Business-type activities net position as restated, September 30, 2019	<u>\$ 21,348,361</u>

NOTE 17. SUBSEQUENT EVENTS

Events that occur after the statement of net assets 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 assets date are recognized in the accompanying financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes.

Management of the City evaluated the activity of the City through May 11, 2023, (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.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MOSS POINT, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
GENERAL FUND
For the Year Ended September 30, 2020
(UNAUDITED)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
Resources (inflows):				
Taxes	\$ 4,463,215	4,463,215	4,393,987	(69,228)
Licenses and permits	56,340	56,340	85,593	29,253
Franchise fees	976,500	976,500	1,038,337	61,837
Inter-governmental revenues	2,325,230	2,325,230	2,621,361	296,131
Charges for services	53,000	53,000	28,212	(24,788)
Fines and forfeitures	140,000	140,000	121,341	(18,659)
Interest	5,400	5,400	8,060	2,660
Miscellaneous	63,700	63,700	79,055	15,355
Amounts available for appropriations	\$ 8,083,385	8,083,385	8,375,946	292,561
Charges to appropriations (outflows):				
<i>General Government</i>				
Personnel services	\$ 414,826	414,826	403,810	(11,016)
Supplies	1,200	1,200	76	(1,124)
Other charges	2,264,211	2,264,211	1,919,903	(344,308)
Capital outlay	17,968	17,968	23,752	5,784
<i>Public safety - police and courts</i>				
Personnel services	2,238,960	2,238,960	2,235,088	(3,872)
Supplies	12,500	12,500	10,234	(2,266)
Other charges	372,000	372,000	317,526	(54,474)
<i>Public safety - fire</i>				
Personnel services	1,684,641	1,684,641	1,839,038	154,397
Supplies	-	-	3,480	3,480
Other charges	183,290	183,290	89,585	(93,705)
<i>Public works</i>				
Other charge	250,000	250,000	743,535	493,535
Capital outlay	536,797	536,797	-	(536,797)
<i>Culture & Recreation</i>				
Personnel services	97,797	97,797	96,828	(969)
Other charges	115,600	115,600	108,109	(7,491)
Capital projects	8,000	8,000	-	(8,000)
<i>Economic Development</i>				
Personnel services	84,723	84,723	27,258	(57,465)
Other charges	17,600	17,600	8,451	(9,149)
Total charges to appropriations	8,300,113	8,300,113	7,826,673	(473,440)
Excess (deficiency) of revenues over expenditures	(216,728)	(216,728)	549,273	766,001
Other Financing Sources (Uses):				
Transfers (out)	-	-	438,616	438,616
Total other financing sources (uses)	-	-	438,616	438,616
Net change in fund balance	\$ (216,728)	(216,728)	987,889	1,204,617
Fund balance - beginning			3,527,354	
Fund balance - end of year			\$ 4,515,243	

The notes to the supplementary information are an integral part of this schedule.

CITY OF MOSS POINT, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)
GENERAL FUND
For the Year Ended September 30, 2020
(UNAUDITED)

Differences between budgetary and GAAP fund balance:

Fund Balance, end of year (Budgetary Basis)	\$ 4,515,243
Accruals for expenses incurred but not paid	(856,823)
Accruals for revenues recognized but not yet received	<u>633,129</u>
Fund Balance, end of year (GAAP)	<u><u>\$ 4,291,549</u></u>

The notes to the supplementary information are an integral part of this schedule.

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY*
Public Employees Retirement System of Mississippi
Last 10 Fiscal Years (Only 6 Years Shown)**
(UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.05 %	0.06 %	0.07 %	0.07 %	0.08 %	0.08 %
City's proportionate share of the net pension liability (asset)	\$10,066,596	9,872,654	10,973,935	11,951,772	14,289,998	12,366,422
City's covered payroll	\$ 3,477,551	3,636,457	4,213,263	4,612,260	4,943,825	5,507,132
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	289.47 %	271.49 %	260.46 %	259.13 %	289.05 %	224.55 %
Plan fiduciary net position as a percentage of the total pension liability	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented.

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The notes to required supplementary information are an integral part of this schedule.

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF THE CITY'S CONTRIBUTIONS - (PERS)
Public Employees Retirement System of Mississippi
Last 10 Fiscal Years (Only 6 Years Shown)**
(UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 607,578	572,107	639,147	738,692	779,256	840,262
Contributions in relation to the contractually required contribution	<u>(607,578)</u>	<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>	<u>-</u>
City's covered payroll	\$ 3,491,826	3,591,065	4,058,076	4,690,108	4,947,657	5,334,997
Contributions as a percentage of covered payroll	17.40 %	15.93 %	15.75 %	15.75 %	15.75 %	15.75 %

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The notes to required supplementary information are an integral part of this schedule.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020
(UNAUDITED)

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

A. Budgets and Budgetary Accounting

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, during September, a budget is prepared by the City's management and submitted to the Board of Aldermen for approval. The completed budget for the fiscal year includes for all funds every source of revenue, each general item of expenditure, and unencumbered cash and investment balances. On a periodic basis, as required by changing conditions, the budgeted amounts are amended.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP, Cash Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP, Cash Basis) and variance between the final budget and the actual amounts. The schedule is presented for the General Fund of the City. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP, Cash Basis) is a part of required supplemental information.

B. Excess of Expenditures over Appropriations (Budget)

There were no expenditures, excluding capital outlay, elections expenses, and payment of emergency warrants, in excess of appropriations (budget) for the fiscal year ended September 30, 2020.

NOTE 2. PENSION SCHEDULES

A. Changes of Assumptions

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%.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020
(UNAUDITED)

NOTE 2. PENSION SCHEDULES (continued)

2020:

None

B. Changes in Benefit Provisions

2017:

None

2018:

None

2019:

None

2020:

None

C. Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 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	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 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

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CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
For the Year Ended September 30, 2020
(UNAUDITED)

Position	Surety	Amount
Mayor	Travelers	\$ 100,000
Aldermen (7)	Travelers, Western Surety	100,000
Chief of Police	Travelers	50,000
Police Dispatchers (7)	Travelers	50,000
City Clerk	Travelers	50,000
Comptroller	Travelers	50,000
Deputy City Clerk (2)	Travelers	50,000
Building Official	Travelers	50,000
Code Enforcer	Travelers	50,000
Secretary	Travelers	50,000
Court Clerk (2)	Travelers	50,000
Accounts Payable Clerk	Travelers	50,000
Recreation Aide	Travelers	50,000
Human Resources Manager	Travelers	50,000
Fire Chief	Travelers	50,000
Finance Support Specialist	Travelers	50,000
Battalion Chief (3)	Travelers	50,000
Project Liaison	Travelers	50,000
Athletic Director	Travelers	50,000
Economic Development Coordinator	Travelers	50,000

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing (ALN) Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Direct Program</i>			
Farmers Market Promotion Program	10.168	N/A	\$ 10,126
Total U.S. Department of Agriculture			<u>10,126</u>
<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	B14MC28004	4,322
Community Development Block Grant	14.218	B18MC28004	12,027
Community Development Block Grant	14.218	B19MC28004	<u>19,392</u>
Total Entitlement Grants Cluster			35,741
Community Development Block Grant	14.228	R-109-268-04-KCR	<u>894,782</u>
<i>Total Passed through Mississippi Development Authority</i>			<u>930,523</u>
Total U.S. Department of Housing and Urban Development			<u>930,523</u>
<u>U.S. Department of Justice</u>			
<i>Direct Program</i>			
Coronavirus Emergency Supplemental Funding Program - COVID-19	16.034	N/A	18,871
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18LB2981	<u>23,370</u>
Total U.S. Department of Justice			<u>42,241</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>982,890</u>

The notes to the supplementary information are an integral part of this schedule.

CITY OF MOSS POINT, MISSISSIPPI
NOTES TO THE SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020

NOTE 1. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for 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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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.

C. Indirect Cost Rate

The City has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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REPORTS ON COMPLIANCE AND INTERNAL CONTROL

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Wolfe • McDuff & Oppie
CERTIFIED PUBLIC ACCOUNTANTS
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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 Honorable Mayor and Members of the Board of Aldermen
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, 2020. 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 the requirements of laws, regulations, contracts, and grants 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, 2020.

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



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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
Page 2

Report on Internal Control over Compliance

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 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 item 2020-005 that we consider to be material weakness.

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.

Walfe, McDuff & Oppen

Pascagoula, Mississippi
May 11, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH MISSISSIPPI STATE LAWS AND REGULATIONS**

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

We have audited the accompanying financial statements of the City of Moss Point, Mississippi as of and for the year ended September 30, 2020, and have issued our report dated May 11, 2023. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of 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."

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.

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

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

A handwritten signature in blue ink that reads "Walfe, McDuff + Oppai". The signature is written in a cursive, flowing style.

Pascagoula, Mississippi
May 11, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

Section I: 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 control 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 audit 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>ALN Number</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 II: Financial Statement Findings

Finding 2020-001 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, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

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 2020-002 Material Weakness (Repeat finding)

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.

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

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.

Response:

The newly hired Comptroller is updating the bank reconciliations and will implement internal control procedures as listed in the response to Finding 2020-001.

Finding 2020-003 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, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

Finding 2020-004 Significant Deficiency (Repeat finding)

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.

Section III: Federal Award Findings and Questioned Costs

Department of Housing and Urban Development

Finding 2020-005 (Repeat finding)

Community Development Block Grant (CDBG) – 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.

CITY OF MOSS POINT, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

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, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

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).

2019-001 Material Weakness (Repeat finding)

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 2020. Issue resolution in process.

2019-002 Material Weakness (Repeat finding)

The auditors noted that bank reconciliations were not completed in a timely manner and were not completely accurate.

Status: Repeat finding for 2020. Issue resolution in process.

2019-003 Significant Deficiency (Repeat Finding)

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 2020. Issue resolution in process.

2019-004 Significant Deficiency (Repeat finding)

The auditors 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.

Status: Repeat finding for 2020. Issue resolution in process.

