

**STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER
CITY OF PICAYUNE**

Be It Remembered that the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi, met at City Hall, 815 North Beech Street, in said City, Tuesday, February 16, 2010, at 5:00 p.m. in regular session with the following officials present: Mayor Ed Pinero, Council Members Larry Watkins, Lynn Bumpers, Todd Lane, Larry Breland and Wayne Gouguet, City Clerk Priscilla Daniel and City Manager Harvey Miller.

It Being Determined a quorum was present, the following proceedings were held.

Opening prayer was given by Cecil Watkins, followed by the Pledge of Allegiance led by Mayor Ed Pinero.

ORDER TO APPROVE MINUTES

Motion was made by Council Member Watkins, seconded by Council Member Bumpers to approve the Minutes for the City of Picayune meeting dated February 2, 2010.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO ACKNOWLEDGE RECEIPT OF MONTHLY PRIVILEGE LICENSE REPORT

Motion was made by Council Member Watkins, seconded by Council Member Bumpers to acknowledge receipt of monthly Privilege License Report for the month of January 2010.

REGULAR MEETING FEBRUARY 16, 2010

CITY OF PICAYUNE
NEW BUSINESS LISTING

DATE: 02/08/2010

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ACCT	BUSINESS NAME	ORG DATE	LOCATION	APPLICANT	PROD SRV
1799	AXCESS MEDICAL	01/21/2010	215 TELLY RD	KENNETH KNIGHT	MEDICAL OFFICE
1800	FINISHLINE PRMOTIONS	01/21/2010	1824 HWY 11 N	ALAHUNDRA BUCKLEY	PROMOTIONS/MARK
1801	C & M INVESTMENT GROUP, LLC	01/21/2010	DBA BEST AUTOMOTIVE SERV	CLIFTON MANNING	AUTO SERVICE
1802	FAMILY CARE TRANSPORT	01/21/2010	622 N CURRAN AVE	SCOTTIE D WATKINS	TRANSPORTATION
1803	ARK OF SAFETY BARGAINS	01/21/2010	115 HWY 11 S	AFFIONG BEVERLY	THRIFT STORE
1804	THE YUNE GROUP	01/21/2010	957 MEMORIAL BLVD	DAVID R BAKER	COMPUTER SERVIC
1805	STRONGFORD LOUGH BREWING CO-SOUTH	01/21/2010	DBA SLBC-SOUTH	DONNA SMITH	OFFICE

TOTAL >> 7

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouquet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO ACKNOWLEDGE RECEIPT OF MONTHLY PUBLIC RECORDS REQUEST REPORT

Motion was made by Council Member Watkins, seconded by Council Member Bumpers to acknowledge receipt of monthly Public Records Requests Report for the month of January 2010.

CITY OF PICAYUNE REPORT OF PUBLIC RECORDS REQUESTS JANUARY 2010				
DATE	PERSON REQUESTING	SUBJECT MATTER	DATE FILLED/ DENIED	ACTION
12/16/09	SUSAN BLAKENEY	COPY OF CITY COUNCIL MINUTES 10/6/09 & 10/20/09	12/17/09	APPROVED
11/25/09	JOHN CHAMBERS	NEW BUSINESS LISTING 6/09 TO 11/09	11/25/09	APPROVED
11/25/09	LARRY R WILLIAMSON, REFLECTECH	COPY OF CITY COUNCIL MINUTES	-	N/A
01/20/10	FRANK N EGGER	COPY OF CITY COUNCIL MINUTES 7/7/09	01/20/10	APPROVED
01/27/10	LEXIS NEXIS	ACCIDENT REPORT 2009-12-2482	01/27/10	APPROVED
01/27/10	LEXIS NEXIS	ACCIDENT REPORT 2010-01-1337	01/27/10	APPROVED
01/27/10	LEXIS NEXIS	ACCIDENT REPORT 2010-01-1444	01/27/10	APPROVED
01/27/10	LEXIS NEXIS	ACCIDENT REPORT 2009-12-2000	01/27/10	APPROVED
01/27/10	STATE FARM INSURANCE COMPANY	ACCIDENT REPORT 2009-11-0447	01/27/10	APPROVED
01/27/10	STATE FARM INSURANCE COMPANY	ACCIDENT REPORT 2009-12-1744	01/27/10	APPROVED
01/27/10	STATE FARM INSURANCE COMPANY	ACCIDENT REPORT 2009-10-0220	01/27/10	APPROVED
01/27/10	WMS, WMS & MONTGOMERY	ACCIDENT REPORT 2008-01-2912	01/27/10	APPROVED
01/27/10	THE READY LAW FIRM	ACCIDENT REPORT 2009-09-1507	01/27/10	APPROVED
01/27/10	DEPT OF EDUCATION MS SCHOOLS FOR THE BLIND & DEAF	ACCIDENT REPORT 2010-01-0566	01/27/10	APPROVED
01/27/10	WMS, WMS & MONTGOMERY	ACCIDENT REPORT 2008-03-3675	01/27/10	APPROVED
01/12/10	LEXIS NEXIS	ACCIDENT REPORT 2009-12-2683	01/12/10	APPROVED
01/12/10	LEXIS NEXIS	ACCIDENT REPORT 2010-01-0206	01/12/10	APPROVED
01/12/10	MORRIS BART, LTD	ACCIDENT REPORT 2009-12-1778	01/12/10	APPROVED
01/11/10	PAUL ZULLI	ACCIDENT REPORT 2010-01-0556	01/11/10	APPROVED
01/07/10	SAFeway INSURANCE COMPANY	ACCIDENT REPORT 2009-12-2437	01/07/10	APPROVED
01/07/10	STATE FARM INSURANCE COMPANY	ACCIDENT REPORT 2009-12-1831	01/07/10	APPROVED
01/07/10	STATE FARM INSURANCE COMPANY	ACCIDENT REPORT 2009-12-1927	01/07/10	APPROVED
01/07/10	STATE FARM INSURANCE COMPANY	ACCIDENT REPORT 2009-12-1402	01/07/10	APPROVED
01/07/10	SILBERT, GARON, & PITRE	ACCIDENT REPORT 2009-04-0774	01/07/10	APPROVED
01/06/10	MILTON DUCOTE	ACCIDENT REPORT 2009-12-2683	01/06/10	APPROVED
12/28/09	PROGRESSIVE INSURANCE COMPANY	ACCIDENT REPORT 2009-12-1927	12/28/09	APPROVED
01/04/10	RAY PRADILLO	ACCIDENT REPORT 2009-12-1819	01/04/10	APPROVED
12/28/09	SANDREL TURNER	ACCIDENT REPORT 2009-12-0367	12/28/09	APPROVED
12/28/09	STATE FARM INSURANCE COMPANY	ACCIDENT REPORT 2009-12-1242	12/28/09	APPROVED
12/28/09	METROPOLITAN REPORTING BUREAU	ACCIDENT REPORT 2009-12-1191	12/28/09	APPROVED
12/28/09	MICHAEL HINGLE & ASSOCIATES, LLC	ACCIDENT REPORT 2009-12-0465	12/28/09	APPROVED
12/28/09	FARM BUREAU	ACCIDENT REPORT 2009-12-1778	12/28/09	APPROVED
12/22/09	SAFeway INSURANCE COMPANY	ACCIDENT REPORT 2009-12-0847	12/22/09	APPROVED
12/22/09	FARM BUREAU	ACCIDENT REPORT 2009-12-0777	12/22/09	APPROVED
01/27/10	DENISE HUNTER	INCIDENT REPORT 2010-01-1444	01/27/10	APPROVED
01/27/10	U.S. PROBATION OFFICE FOR RICHARD A TOWNSEND	BACKGROUND CHECKS	01/27/10	APPROVED
01/27/10	MARY E THORNTON	BACKGROUND CHECKS	01/26/10	APPROVED
01/26/10	PICAYUNE APARTMENTS FOR LUSHAWNDA NEWMAN	BACKGROUND CHECKS	01/26/10	APPROVED

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01/26/10	NURSING MANAGEMENT, INC FOR RADINE SMITH	BACKGROUND CHECKS	01/26/10	APPROVED
01/26/10	CITY OF HOUSTON FOR JAIME VARVAS	BACKGROUND CHECKS	01/26/10	APPROVED
01/26/10	PICAYUNE APARTMENTS FOR TAJUANA L SMITH	BACKGROUND CHECKS	01/26/10	APPROVED
01/26/10	CHRIS RUSHING	INCIDENT REPORT 2010-010-2336	01/26/10	APPROVED
01/26/10	MATILDE WILLIAMS	ACCIDENT REPORT 2010-01-2336	01/26/10	APPROVED
01/26/10	NURSING MANAGEMENT INC, FOR JOYCE WALTON	BACKGROUND CHECKS	01/26/10	APPROVED
01/26/10	U.S. PROBATION OFFICE FOR K FAIRLEY, R JORDAN, J PLUMMER	BACKGROUND CHECKS	01/26/10	APPROVED
01/25/10	ALMA VENTURA	ACCIDENT REPORT 2009-07-2018	01/25/10	APPROVED
01/20/10	PICAYUNE APARTMENTS FOR MAGGIE R NIXON	BACKGROUND CHECKS	01/20/10	APPROVED
01/20/10	U.S. PROBATION OFFICE FOR RICHARD H LADNER, SR.	BACKGROUND CHECKS	01/20/10	APPROVED
01/20/10	EUNICE A BURTON	BACKGROUND CHECKS	01/20/10	APPROVED
01/20/10	EDWARD H LITTLE	BACKGROUND CHECKS	01/20/10	APPROVED
01/20/10	JOHN R PITTMAN	BACKGROUND CHECKS	01/20/10	APPROVED
01/20/10	PATRICIA CARTER	INCIDENT REPORT 2009-11-1411	01/20/10	APPROVED
01/20/10	U.S. PROBATION OFFICE FOR JOHSUA J JONES	BACKGROUND CHECKS	01/20/10	APPROVED
01/20/10	YOUTH COURT FOR S JORDAN, B GRAHAM	INCIDENT REPORT 2009-11-0104,2008-01-1278,2006-05-2830	01/20/10	APPROVED
01/20/10	JEFFERY J TRITT	BACKGROUND CHECKS	01/20/10	APPROVED
01/19/10	MS DEPT OF CORRECTIONS FOR ROBERT E SMITH, GLENN D SMITH	INCIDENT 2009-03-2748.2009-08-2778,2009-10-0421	01/19/10	APPROVED
01/19/10	U.S. PROBATION OFFICE FOR JAMES BUCHERT	BACKGROUND CHECKS	01/19/10	APPROVED
01/19/10	U.S. PROBATION OFFICE FOR LAVERN D KENDRICK	BACKGROUND CHECKS	01/19/10	APPROVED
01/19/10	HENSLEY R LEE CONTRACTING, INC	ACCIDENT REPORT 2009-12-0952	01/19/10	APPROVED
01/19/10	U.S. PROBATION OFFICE FOR HILLARY A WILD	BACKGROUND CHECKS	01/19/10	APPROVED
01/19/10	CAMERON M WAGNER	BACKGROUND CHECKS	01/19/10	APPROVED
01/19/10	LARRY COX	INCIDENT REPORT 2010-01-1034	01/19/10	APPROVED
01/19/10	PROGRESSIVE INSURANCE COMPANY	ACCIDENT REPORT 2009-12-2482	01/19/10	APPROVED
01/14/10	JOSEPH EDWARDS	ACCIDENT REPORT 2009-12-2471	01/14/10	APPROVED
01/14/10	22ND JUDICIAL DISTRICT COURT FOR MICHELLE CLEMENS	BACKGROUND CHECKS	01/14/10	APPROVED
01/14/10	U.S. PROBATION OFFICE FOR WANITA WILLIAMS	BACKGROUND CHECKS	01/14/10	APPROVED
01/14/10	U.S. PROBATION OFFICE FOR HERMAN A HICKS	BACKGROUND CHECKS	01/14/10	APPROVED
01/14/10	MARY WHEAT	ACCIDENT REPORT 2010-01-0412	01/14/10	APPROVED
01/13/10	ADAM LANIER	INCIDENT REPORT 2007-02-2492	01/13/10	APPROVED
01/12/10	PRC SHERIFF'S DEPT FOR JASON C LEE	BACKGROUND CHECKS	01/12/10	APPROVED
01/13/10	DANIEL J GASCHO	BACKGROUND CHECKS	01/13/10	APPROVED
01/12/10	PRC SHERIFF'S DEPT FOR J KNEZEVICH, C FORNAE	BACKGROUND CHECKS	01/12/10	APPROVED
01/12/10	BRIDGET R MCCORMICK	BACKGROUND CHECKS	01/12/10	APPROVED
01/12/10	U.S. PROBATION OFFICE FOR JAMES BRYAN	BACKGROUND CHECKS	01/12/10	APPROVED
01/12/10	U.S. PROBATION OFFICE FOR SHANE W TANNER	BACKGROUND CHECKS	01/12/10	APPROVED
01/12/10	SAMANTHA BUSBY	INCIDENT REPORT 2009-12-2324	01/12/10	APPROVED
01/11/10	SGT. GENE KEITH	ACCIDENT REPORT 2009-12-2360	01/11/10	APPROVED
01/11/10	CAPT. THERESA MILAR	ACCIDENT REPORT 2009-12-1402	01/11/10	APPROVED
01/11/10	PAUL ZULLI	ACCIDENT REPORT 2010-01-0556	01/11/10	APPROVED
01/11/10	CHRISTOPHER SIMONEAUX	INCIDENT REPORT 2010-01-0622	01/11/10	APPROVED
01/11/10	MICKEY MOSELEY	INCIDENT REPORT 2009-12-2008	01/11/10	APPROVED
01/11/10	TERRY CROSSWHITE FOR KATHLEEN CROSSWHITE	INCIDENT REPORT 2009-12-0952	01/11/10	APPROVED
01/07/10	COREY A HINMAN	BACKGROUND CHECKS	01/07/10	APPROVED
01/07/10	PATRICIA A NIXON	BACKGROUND CHECKS	01/07/10	APPROVED
01/07/10	KEVIN E MEDEROS	ACCIDENT REPORT 2009-12-2008	01/07/10	APPROVED
01/06/10	HENRY L VARNADO	ACCIDENT REPORT 2009-09-0647	01/06/10	APPROVED
01/06/10	STEFFANI GRAHAM	ACCIDENT REPORT 2009-12-1778	01/06/10	APPROVED
01/06/10	DARYL SMITH	ACCIDENT REPORT 2010-01-0345	01/06/10	APPROVED
01/05/10	RANDALL W BURKETT	ACCIDENT REPORT 2009-11-0261	01/05/10	APPROVED
01/04/10	THOMAS WILSON	INCIDENT REPORT 2010-01-0206	01/04/10	APPROVED
01/04/10	METROPOLITAN REPORTING BUREAU	ACCIDENT REPORT 2009-12-2358	01/04/10	APPROVED
01/04/10	GORDON CAMPBELL	INCIDENT REPORT 2009-12-0391	01/04/10	APPROVED

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01/04/10	RAY PRADILLO	ACCIDENT 2009-12-1819	01/04/10	APPROVED
01/04/10	EFRAN MORALES	ACCIDENT 2009-12-2358	01/04/10	APPROVED

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE REQUEST FROM PEARL RIVER BLUE MASKERS FOR “CAN SHAKE”

Motion was made by Council Member Breland, seconded by Council Member Lane, to approve request from Pearl River Blue Maskers Booster Club to hold a “can shakes” on February 20, 2010 from 10am 2pm at the intersection of Hwy 11 & Hwy 43 and at East Canal & Hwy 11 to raise funds to attend the National Drama Competition in Lexington, KY.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

ADOPT RESOLUTION HONORING THE BOY SCOUTS OF AMERICA

Motion was made by Council Member Watkins, seconded by Council Member Breland to adopt resolution honoring the Boy Scouts of America and the Pine Burr Area Council on the 100th Anniversary of Scouting.

RESOLUTION HONORING THE BOY SCOUTS OF AMERICA AND THE PINE BURR AREA COUNCIL ON THE ONE HUNDREDTH ANNIVERSARY OF SCOUTING ON FEBRUARY 8, 2010

Whereas the Boy Scouts of America was incorporated on February 8, 1910 under the laws of the District of Columbia was officially chartered by the United States Congress;

Whereas by the year 1912, Boy Scouts of America were enrolled in every state of the nation;

Whereas on June 15, 1916, Congress granted a Federal Charter to the Boy Scouts of America;

Whereas in the 1930's, in response to the request of President Roosevelt in a radio address delivered on February 10, the Boy Scouts performed a nationwide Good Turn, collecting 1,812,284 items of clothing, household furnishings, foodstuffs, and supplies for the distressed and needy, the first National Scout Jamboree was held in Washington DC;

Whereas in the 1940's with the declaration of war, the government requested that the Boy Scouts provide service for the distribution of defense bonds and stamp posters, collection of aluminum and wastepaper, defense housing surveys, victory gardens, distribution of air raid posters, cooperation with the American Red Cross, and by joint agreement with the Office of Civil and Defense Mobilization, services in three capacities - messengers, assisting emergency medical units and firewatchers;

Whereas in the 1950's, the Scouts distributed more than a million posters and 30 million Liberty Bell doorknob hangers in a get out the vote campaign;

Whereas in the 1960's, the 500,000th Eagle Scout badge was presented and the 40th millionth youth was registered in Scouting;

Whereas, in the 1970's, Project SOAR (Save our American Resources) was initiated as an ongoing BSA Service Project with an estimated 60,000 BSA units taking part in SOAR related conservation projects. In 1974, Eagle Scout Gerald Ford became the thirty-eighth president of the United States;

Whereas in the 1980's, the BSA celebrated its 75th Anniversary;

Whereas, in the 1990's, a focused initiative in Urban Emphasis encouraged the formation of Cub Scout packs, Boy Scout troops, and Explorer posts in low income and minority communities. The bilingual publication of Scouting literature was increased to serve Spanish speaking parents and leaders;

Whereas, in the 2000's, the BSA's 100 millionth youth was registered, the BSA launched Good Turn for America, a national initiative to address the problems of hunger, homelessness, inadequate housing and poor health with the Salvation Army, the American Red Cross, and Habitat for Humanity as national partners.

Whereas, on February 8, 2010, the Boy Scouts of America will celebrate 100 years of Scouting.

Whereas on a local level, the Pine Burr Area Council was formed in 1927 and presently serves Scouts and Scouters in the southern 17 counties of Mississippi including Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jasper, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Jefferson Davis, Smith, and Wayne counties ;

Whereas, the Pine Burr Area Council presently serves 7,000 young people with over 2000 leaders assisting the program with over 300 units served;

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

ACCEPT THE CORRECTED AUDIT FOR THE CITY OF PICAYUNE FOR THE FISCAL YEAR 2007-2008

Motion was made by Council Member Watkins, seconded by Council Member Bumpers to accept the corrected Audit for the City of Picayune for the fiscal year 2007-2008.

CITY OF PICAYUNE, MISSISSIPPI
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2008

REGULAR MEETING FEBRUARY 16, 2010

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Listing of Principal Officials

ELECTED OFFICIALS

Mayor Dr. Ed Pinero
Council Member Jason Todd Lane
Council Member Lynn Bogan Bumpers
Council Member Wayne Gouguet
Council Member Larry Breland
Council Member Larry Watkins

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APPOINTED OFFICIALS

City Manager Harvey Miller
City Clerk Priscilla Daniel
Comptroller Amber Hinton

INDEPENDENT AUDITORS' REPORT

REGULAR MEETING FEBRUARY 16, 2010

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

February 1, 2010

Honorable Mayor, Members of the
City Council, and City Manager
City of Picayune
Picayune, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business -type activities, each major fund, and the aggregate remaining fund information of the City of Picayune, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Picayune, Mississippi. 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 of material misstatement. An audit includes examining, on a test basis, accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business -type activities, each major fund, and the aggregate remaining fund information of the City of Picayune, Mississippi, as of September 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2010, on our consideration of the City of Picayune, 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

REGULAR MEETING FEBRUARY 16, 2010

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The budgetary comparison information listed as Schedules 1 and 2 is not a required part of the basic financial statements but is considered supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The City of Picayune, Mississippi, has not presented Management's Discussion and Analysis, which is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Picayune, Mississippi's basic financial statements. The accompanying financial information and statements listed as Schedule A in the table of contents are presented for purposes of additional analysis and are not required as part of the basic financial statements of the City of Picayune, Mississippi. The accompanying schedule of expenditures of federal awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and is also not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

WRIGHT CPA GROUP, PLLC
Certified Public Accountants
Hattiesburg, Mississippi

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FINANCIAL SECTION

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GOVERNMENT -WIDE FINANCIAL STATEMENTS

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EXHIBIT A

CITY OF PICAYUNE, MS
STATEMENT OF NET ASSETS
September 30, 2008

Governmental Business-type	Assets	Activities	Activities	Total
Cash and cash equivalent	2,723,981	\$	1,081,992	\$ \$ 3,805,973
Petty cash	1,250	250		1,500
Intergovernmental receivables	1,821,967		1,821,967	
Accounts receivable	1,129,443		1,129,443	
Fines receivable, net	714,866		714,866	
Property tax levy	2,009,433		2,009,433	
Inventories	480,434	587,293		1,067,727
Internal balances	1,482,282	(1,482,282)		-
Notes receivable	1,145,535		1,145,535	
Lease receivable	24,880		24,880	

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Other assets 26,596 15,157 41,753
Land and construction in progress 3,229,153 172,599 3,401,752
Other capital assets, net 19,478,110 3,599,649 23,077,759
Restricted cash and cash equivalents 3,140,067 632,002 3,772,069
Deferred charges 149,136 42,010 191,146
Total assets 36,427,690 5,778,113 42,205,803
Liabilities
Accounts payable 322,853 430,829 753,682
Intergovernmental payables 436,853 436,853
Accrued interest expense 235,584 59,734 295,318
Deferred revenue 2,009,433 38,473 2,047,906
Bonds payable, current 378,280 26,720 405,000
Notes payable, current 176,685 39,013 215,698
Lease payable, current 19,521 19,521
Bonds payable 6,268,742 391,982 6,660,724
Notes payable 3,733,883 1,432,027 5,165,910
Compensated absences 383,417 62,078 445,495
Assets held for others 433,440 433,440
Note payable to PRCUA 17,616 17,616
Sewer payments due to PRCUA 472,835 472,835
Total Liabilities 13,945,730 3,424,268 17,369,998
Net Assets
Invested in capital assets, (net of
related debt) 14,473,764 2,431,403 16,905,167
Restricted 3,140,067 632,002 3,772,069
Unrestricted 4,868,129 (709,560) 4,158,569
Total Net Assets 22,481,960\$ 2,353,845\$ \$ 24,835,805

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

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EXHIBIT B

CITY OF PICAYUNE, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Program Revenues Net (Expense) Revenue and Changes in Net Assets

Governmental activities:
General government
Public Safety
Public works
Culture and recreation
Economic development
Conservation of resources
Health and welfare
Interest on long-term debt
Appropriations
Total Governmental activities
Functions/Programs Expenses
Fees, fines, and
Charges for
Services
2,437,455\$ 914,393
5,690,065 461,312
2,724,945 137,175
267,401
535,375 131,392
346,796
38,200
12,040,237 1,644,272
Operating
Grants and
Contributions
123,443
302,052
22,924
448,419
Capital Grants
and
Contributions
347,547
758,162

REGULAR MEETING FEBRUARY 16, 2010

1,152,614
 2,258,323
 Governmental
 Activities
 (1,399,619)
 (4,579,154)
 (1,829,608)
 (267,401)
 748,631
 22,924
 (346,796)
 (38,200)
 (7,689,223)
 Business-type
 Activities Total
 (1,399,619)
 (4,579,154)
 (1,829,608)
 (267,401)
 748,631
 -
 22,924
 (346,796)
 (38,200)
 (7,689,223)
 Business-type activities:
 Utility
 Cemetery
 Total business-type activities
 5,107,484
 121,791
 5,229,275
 5,357,474
 72,901
 5,430,375
 985,149
 985,149
 1,235,139
 (48,890)
 1,186,249
 1,235,139
 (48,890)
 1,186,249
 Total 17,269,512\$ 7,074,647 448,419 3,243,472 (7,689,223) 1,186,249
 (6,502,974)
 General revenues:
 Taxes
 Property taxes, levied for general purposes
 Sales tax
 Road and bridge tax
 Interest earnings
 Sale of assets
 Other
 Transfer-in
 Transfer-out
 1,693,255
 5,199,871
 141,281
 415,735
 324,441
 833,333
 (225,000)
 54,965
 (3,682,817)
 225,000
 (833,333)
 1,693,255
 5,199,871
 141,281
 470,700
 (3,682,817)
 324,441
 1,058,333
 (1,058,333)
 Total general revenues, support to other organizations, and transfers
 8,382,916 (4,236,185) 4,146,731

REGULAR MEETING FEBRUARY 16, 2010

Changes in Net Assets 693,693 (3,049,936) (2,356,243)
Net Assets - Beginning
Prior Period Adjustment
Net Assets - Beginning as restated
22,046,628
(258,361)
21,788,267
5,184,658
219,123
5,403,781
27,231,286
(39,238)
27,192,048
Net Assets - Ending 22,481,960\$ 2,353,845 24,835,805

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

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FUND FINANCIAL STATEMENTS

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EXHIBIT C

CITY OF PICAYUNE, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

ASSETS

Cash and cash equivalents

Petty cash

Intergovernmental receivables

Lease receivable

Fines receivable

Due from other funds

Inventory

Prepaid expenses

Accrued interest

Property tax levy

Note receivable

Restricted cash

Total assets

General Fund Airport Fund

1,030,692\$ 305,333

1,250

1,477,741

714,886

2,574,906

8,806

23,695 2,517

1,490,996

153,586

3,140,067

10,607,819\$ 316,656\$

Economic

Development

Fund

824,765

43,392

24,880

171,174

471,628

991,949

2,527,788\$

Other

Governmental

Funds

563,191

310,745

3,847

877,783\$

Total

Governmental

Funds

REGULAR MEETING FEBRUARY 16, 2010

2,723,981
1,250
1,831,878
24,880
714,886
2,749,927
480,434
26,212
-
1,490,996
1,145,535
3,140,067
14,330,046\$
LIABILITIES & FUND BALANCES
Claims payable 310,862\$ 6,991
Intergovernmental payables 446,644
Deferred revenue 2,205,882
Due to other funds 13,468 1,078,847
Total liabilities 2,976,856 1,085,838
1,908
991,949
993,857
5,000
173,422
178,422
324,761
446,644
3,197,831
1,265,737
5,234,973
Fund Balances:
Reserved for inventory
Reserved for debt service
Reserved with purpose restrictions
Unreserved
3,140,067
4,490,896 (769,182)
471,628
1,062,303
242,717
456,644
471,628
242,717
3,140,067
5,240,661
Total Fund Balance 7,630,963 (769,182) 1,533,931 699,361 9,095,073
Total liabilities and fund balances 10,607,819\$ 316,656 2,527,788 877,783
14,330,046
The accompanying notes are an integral part of these financial statements.

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EXHIBIT C-1

CITY OF PICAYUNE, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008
Total governmental fund balances (Exhibit C) \$ 9,095,073
Amounts reported for governmental activities in the statement of net assets
are
different because of the following:
Capital assets used in governmental activities are not current financial
resources. Therefore, they are not recorded in the governmental funds
balance sheet.
Capital assets
Less: accumulated depreciation
\$ 46,131,148
(23,423,885) 22,707,263
Other long term assets are not current financial resources. Therefore, they
are not
recorded in the governmental funds balance sheet.
Bond issue costs
Less: accumulated amortization
193,710
(44,574) 149,136

REGULAR MEETING FEBRUARY 16, 2010

Note receivable for sale of capital asset used in governmental activities that is not a current financial resource and, therefore, not recorded in the governmental funds balance sheet.

991,949

Other long-term assets are not available to pay for current period expenditures

and, therefore, are deferred in the funds:

Fines receivable

Less: allowance for uncollectible

4,044,653

(3,329,767) 714,886

Long-term liabilities are not due and payable in the current period and, therefore,

are not reported in the funds:

Accrued interest payable

Governmental bonds payable

Governmental notes payable

Compensated absences

(235,584)

(6,647,020)

(3,910,568)

(383,175)

Net assets of governmental activities (Exhibit A) \$ 22,481,960

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

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EXHIBIT D

CITY OF PICAYUNE, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Economic Other Total

General Airport Development Governmental Governmental

Fund Fund Fund Funds Funds

REVENUES

Taxes 1,693,255\$ 1,693,255

Licenses and permits 604,375 604,375

Sale tax 4,791,387 408,484 5,199,871

Intergovernmental 1,157,054 852,507 7,422 689,759 2,706,742

Charges for services 567,888 126,290 63,695 757,873

Fines and forfeitures 401,555 401,555

Interest earned 369,370 369,370

Rent 88,439 27,864 18,501 134,804

Miscellaneous 163,345 6,559 48,790 218,694

Road and bridge tax 141,281 43,168 184,449

Donations 6,891 6,891

Total revenues 9,984,840 985,356 492,560 815,123 12,277,879

EXPENDITURES

General government 2,237,242 2,237,242

Public safety 5,450,581 9,295 5,459,876

Public works 1,107,532 18 1,107,550

Culture and recreation 241,751 241,751

Economic development 206,457 82,700 289,157

-

Debt service -

Principle payments 243,050 121,985 130,000 495,035

Interest and fiscal charges 144,735 39,174 131,543 315,452

Capital outlay 1,549,949 968,265 11,080 447,668 2,976,962

Allocations 38,200 38,200

Total expenditures 11,013,040 1,335,881 355,323 456,981 13,161,225

Excess (deficiency) of revenues

over expenditures (1,028,200) (350,525) 137,237 358,142 (883,336)

OTHER FINANCING SOURCES (USES)

Proceeds from issuance of debt 500,000 216,474 716,474

Sale of assets -

Transfers in 833,333 150,000 983,333

Transfers out (242,000) (242,000)

Total other financing sources (uses) 1,091,333 366,474 --1,457,807

Net changes in fund balances 63,133 15,959 137,237 358,142 574,471

Fund balances - beginning 7,739,928 (785,141) 1,685,674 341,219 8,981,680

Prior Period Adjustments (172,098) (288,980) (461,078)

Fund balances-beginning, restated 7,567,830 (785,141) 1,396,694 341,219

8,520,602

Fund balances - ending \$ 7,630,963 (769,182) 1,533,931 699,361 9,095,073

REGULAR MEETING FEBRUARY 16, 2010

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

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EXHIBIT D-1

CITY OF PICAYUNE, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Net change in fund balances - total governmental funds (Exhibit D) \$ 574,471

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

Capital outlay \$ 2,858,401
Depreciation expense (1,917,311)
Excess of capital outlay over depreciation expense 941,090

Proceeds from new borrowings is revenue in the governmental funds, but the
proceeds increase long-term liabilities in the statement of net assets.
(716,474)

Repayment of debt principle is and expenditure in the governmental funds, but
the
repayment reduces long-term liabilities in the statement of net assets.
492,904

The proceeds from the sale of assets is recorded as revenue in the
governmental funds.
However, only the gain on the sale is reported in the statement of
activities:

Sale of assets (598,298)

Change in net assets of governmental activities (Exhibit B) \$ 693,693

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

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PROPRIETARY FUNDS FINANCIAL STATEMENTS

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EXHIBIT E

CITY OF PICAYUNE, MISSISSIPPI
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008

Enterprise Funds

Utility Cemetery
Fund Fund Total
ASSETS

Current assets
Cash and cash equivalents 966,400 115,592 1,081,992
Accounts receivable, net 1,105,427 24,016 1,129,443
Intergovernmental receivables

REGULAR MEETING FEBRUARY 16, 2010

Inventory 398,653 188,640 587,293
 Due from other funds 2,151 9,621 11,772
 Prepaid expenses 15,091 65 15,156
 Petty cash 250 250
 Total current assets 2,487,972 337,934 2,825,906
 Capital assets
 Land and construction in progress 169,023 3,576 172,599
 Other capital assets, net 3,592,240 7,409 3,599,649
 Unamortized debt issuance costs 42,010 42,010
 Restricted cash and cash equivalents 366,280 265,722 632,002
 Total noncurrent assets 4,169,553 276,707 4,446,260
 Total assets 6,657,525 614,641 7,272,166
 LIABILITIES
 Current liabilities
 Accounts payable 428,970 1,860 430,830
 Accrued Interest 59,731 59,731
 Due to other funds 1,493,839 215 1,494,054
 Bond payable- current 26,720 26,720
 Notes payable-current 39,013 39,013
 Capital leases payable-current 19,521 19,521
 Payable from restricted assets:
 Customer deposits 433,440 433,440
 Total current liabilities 2,501,234 2,075 2,503,309
 Noncurrent liabilities
 Deferred revenue 38,473 38,473
 Bond payable 391,982 391,982
 Notes payable 1,432,027 1,432,027
 Capital leases payable -
 Compensated absences 53,699 8,377 62,076
 Note payable PRCUA 17,616 17,616
 Sewer payments due to PRCUA 472,835 -472,835
 Total noncurrent liabilities 2,368,159 46,850 2,415,009
 Total liabilities 4,869,393 48,925 4,918,318
 NET ASSETS
 Invested in capital assets, net of related debt 2,420,718 10,685 2,431,403
 Unrestricted (632,586) 555,028 (77,558)
 Total net assets 1,788,132 565,713 2,353,845
 The accompanying notes are an integral part of these financial statements.

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EXHIBIT F

CITY OF PICAYUNE, MISSISSIPPI
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 Enterprise Funds
 Utility Cemetery
 Fund Fund Total
 OPERATING REVENUES
 Charges for services 5,241,351\$ 5,241,351
 Sale of lots 72,253 72,253
 Miscellaneous 116,123 648 116,771
 Total operating revenues 5,357,474 72,901 5,430,375
 OPERATING EXPENSES
 Personnel services 1,187,805 104,172 1,291,977
 Supplies 239,819 8,627 248,446

 Other services and charges 1,404,756 6,387 1,411,143
 Gas purchased 118,655 1,312 119,967
 Depreciation and amortization 407,968 407,968
 Bad debts 239,242 239,242
 Utilities and communication 1,426,049 1,293 1,427,342
 Compensated absences 8,344 8,344
 Total operating expenses 5,032,638 121,791 5,154,429
 GAIN (LOSS) FROM OPERATIONS 324,836 (48,890) 275,946
 NONOPERATING REVENUES (EXPENSES)
 Grants 985,149 985,149
 Loss on sale of sewer assets (3,682,817) (3,682,817)
 Interest earned 46,599 8,366 54,965
 Interest expense (74,846) (74,846)
 Total nonoperating revenues (expenses) (2,725,915) 8,366 (2,717,549)
 INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS
 AND TRANSFERS (2,401,079) (40,524) (2,441,603)
 Transfers in 133,000 92,000 225,000
 Transfers out (833,333) (833,333)

REGULAR MEETING FEBRUARY 16, 2010

CHANGE IN NET ASSETS (3,101,412) 51,476 (3,049,936)
TOTAL NET ASSETS - BEGINNING 4,670,421 514,237 5,184,658
Prior period adjustments 219,123 219,123
TOTAL NET ASSETS - BEGINNING, AS RESTATED 4,889,544 514,237 5,403,781
TOTAL NET ASSETS - ENDING 1,788,132\$ 565,713 2,353,845
The accompanying notes are an integral part of these financial statements.

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EXHIBIT G

CITY OF PICAYUNE, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers
Payments for goods and services
Payments to employees
Other receipts
Net cash used in operating activities

\$

Utility

Fund

4,517,970

(3,200,969)

(1,187,805)

116,123

245,319

Cemetery

Fund

72,253

(16,326)

(97,464)

648

(40,889)

Enterprise Funds

Total

4,590,223

(3,217,295)

(1,285,269)

116,771

204,430

CASH FLOWS FROM NONCAPITAL

FINANCING ACTIVITIES

Transfers out

Transfers in

Federal grants

Net cash provided by (used in)

noncapital financing activities

(833,333)

133,000

985,149

284,816

92,000

92,000

(833,333)

225,000

985,149

376,816

CASH FLOWS FROM CAPITAL AND

RELATED FINANCING ACTIVITIES

Purchases and construction of capital assets

Proceeds from issuance of capital debt

Principle paid on capital debt

Interest paid on capital debt

Net cash provided by capital and related

(42,122)

(967,450)

(495,847)

(47,787)

(1,553,206) -

(42,122)

(967,450)

REGULAR MEETING FEBRUARY 16, 2010

(495,847)
(47,787)
(1,553,206)
CASH FLOWS FROM INVESTING ACTIVITIES
Customer deposits
Interest received
Net cash provided by investing activities
(386,265)
46,599
(339,666)
8,366
8,366
(386,265)
54,965
(331,300)
Net Increase (decrease) in cash and cash equivalents
Cash and cash equivalents:
Beginning of the year
(1,362,737)
2,695,417
59,477
321,837
(1,303,260)
3,017,254
End of the year \$ 1,332,680 381,314 1,713,994
The accompanying notes are an integral part of these financial statements.

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EXHIBIT G
(Continued)

CITY OF PICAYUNE, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Enterprise Funds
Utility Cemetery
Fund Fund Total
RECONCILIATION OF OPERATING GAIN (LOSS)
TO NET CASH USED IN OPERATING ACTIVITIES
Gain (Loss) from operations \$ 324,836 (48,890) 275,946
Adjustments to reconcile gain (loss) from operations
to net cash provided
Depreciation and amortization expense 118,655 1,312 119,967
(Increase) decrease in current assets
Accounts receivable (723,381) (723,381)
Inventory (375,765) (375,765)
Due from other funds 16,129 16,129
Increase (decrease) in current liabilities -
Accounts payable 117,241 117,241
Accrued interest 26,059 26,059
Due to other funds 266,202 266,202
Other liabilities 475,343 6,689 482,032
Net cash used in operating activities \$ 245,319 (40,889) 204,430

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

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FIDUCIARY FUND FINANCIAL STATEMENTS

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EXHIBIT H

CITY OF PICAYUNE, MISSISSIPPI
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
SEPTEMBER 30, 2008

Tax Collector

ASSETS

REGULAR MEETING FEBRUARY 16, 2010

Cash and cash equivalents \$
Fund
462,283
462,283
LIABILITIES
Intergovernmental payables
\$
462,283
462,283

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

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NOTES TO FINANCIAL STATEMENTS

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Introduction

The City of Picayune, Mississippi, (City) incorporated under the laws of the State of Mississippi and situated in Pearl River County, operates under the council -manager form of government and provides the following services as authorized by its charter: Public Safety (Police and Fire), Public Works, Health and Welfare, Culture and Recreation, and General Administrative Services.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2008.

II. Financial Reporting Entity

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

Related Organizations

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

Joint Ventures and Jointly Governed Organizations

Additionally during its evaluation of potential component units, management identified one joint venture, Partners for Pearl River County, and one jointly governed organization, Municipal Gas Authority of Mississippi.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint

REGULAR MEETING FEBRUARY 16, 2010

control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs, risk, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients.

A jointly governed organization is similar in nature to a joint venture in that they provide goods and services to the citizenry of two or more governments. However, they do not meet the definition of a joint venture because there is no ongoing significant financial interest or responsibility by the participating governments.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government -wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report financial information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business -type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree of which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment;

(2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Taxes and other items not properly included among program revenues are reported instead as general revenues.
Fund Financial Statements

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.

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

(A) Basis of Accounting

The City complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities, and as prescribed by the Governmental Accounting Standards Board (GASB). GASB is accepted standard -setting body for governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which, GASB prevails.

REGULAR MEETING FEBRUARY 16, 2010

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

Governmental fund financial statements report 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. The City considers revenues to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Major revenue sources susceptible to accrual include: property taxes, licenses, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received by the City.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. See Note 2 for information describing restricted assets.

(B) Fund Types and Major Funds
Governmental Funds

The City reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Airport Fund - This capital project fund accounts for the financial resources used for the acquisition, construction, and maintenance of the City operated airport.

REGULAR MEETING FEBRUARY 16, 2010

Economic Development Fund - This special revenue fund accounts for the proceeds from the Tourism Sales Tax, and the sales of land in the industrial park that are used for economic development.

Proprietary Funds

The City reports the following major proprietary funds:

Utility Fund - The utility fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing water, sewer, and gas services to the general public on a continuing basis be financed or recovered primarily through user charges.

Cemetery Fund -The cemetery fund accounts for the activities and operations of the City operated cemetery.

Other Fund Types

The City also reports the following fund types:

Special Revenue Fund - The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The debt service funds are used to account for the servicing of long-term general obligation debt of the governmental funds.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IV. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)
Other Fund Types (Continued)

Fiduciary Fund - The tax collector fund is used to account for assets held by the City in a trustee capacity or as an agent for other governmental units.

(C) Use of Estimates

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

V. Assets, Liabilities, and Net Assets or Equity

(A) Cash and Investments

The City's cash and cash equivalents are primarily considered to be cash on hand and amounts held in demand deposits. 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.

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

(B) Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business type activities are reported in the government wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade, property tax, and fine receivables are shown net of an allowance for uncollectibles. An allowance has been provided in the general fund and the utility fund for estimated uncollectible ad valorem taxes receivable and utility charges. In the general fund, the allowance amount is estimated based on collections history. The allowance in the utility fund is estimated using accounts receivable past due 90 days or more. As of September 30, 2008 the allowance for uncollectible utility and general fund receivables is \$3,433,333 .

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTES 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(C) Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2008, are recorded as prepaid items.

(D) Inventories

Inventories consists of natural gas stored with the City's supplier, cemetery plots, aviation fuel at the Picayune Municipal Airport, and parcels of land at the City's industrial park. Inventories are stated at cost utilizing the average cost valuation method for natural gas and aviation fuel and at historical cost for cemetery plots and land.

(E) Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws. Restricted assets in the debt service fund are restricted for the payment of debt service. Restricted assets in the special revenue funds are restricted for economic development, recreation and for certain purposes as stated in the grant agreements. Restricted assets in the enterprise funds represent utility

REGULAR MEETING FEBRUARY 16, 2010

customer deposits subject to refund and amounts restricted for improvements. When both restricted and non restricted assets are available for use, the policy is to use restricted assets first.

(F) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), net of depreciation are reported in the applicable governmental or business type activities columns in the government-wide financial statements. The City generally capitalizes assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

estimated useful lives:

Buildings 50 years
Building improvements 20 years
Public domain infrastructure 50 years
Utility system infrastructure 10-50 years
Machinery and equipment 3-15 years

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPALS (Continued)

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

(G) Long-Term Obligations

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

(H) Compensated Absences

The City's policy allows employees to accumulate all unused vacation and sick leave. Full-time employees are granted vacation from 12 to 24 days per year depending on the employee's length of service. Retiring and terminating employees are paid for unused vacation up to a maximum of 240 hours. There is no liability

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for unpaid accumulated sick leave since sick pay is not paid upon termination of employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the fund financial statements, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The compensated absences liability was computed using the specific identification method whereby the actual number of vacation hours multiplied by the employee's hourly rate at September 30, 2008. The resulting liability is then increased to include social security and retirement contributions that the City is required to pay upon liquidation of the liability.

(I) Fund Equity

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The economic development fund reports reservations of fund balance for amounts resulting from tourism taxes exclusively restricted for economic development activities. Designations of fund balance represent tentative management plans that are subject to change.

(J) Net Assets

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

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 2: CASH AND OTHER DEPOSITS

(A) Cash

The carrying value of the City's deposits with financial institutions was \$8,040,084 and the bank balance was \$8,492,392 at September 30, 2008, including \$867,638 in certificates of deposits.

Custodial Credit Risk: State law allows the City to invest in interest bearing time certificates of deposits for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, state of Mississippi, or of any county, municipality or school district of the state. Further, the City may invest in certain purchase agreements.

The collateral for public entities deposits in financial institutions is held in the name of the State Treasurer of Mississippi under a program established 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.

REGULAR MEETING FEBRUARY 16, 2010

Interest Rate Risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: The City places no limit on the amount the City may invest in any one issuer.

The carrying amount of certificates of deposits is a reasonable estimate of their fair value.

(B) Investments

Mississippi municipalities may invest surplus funds in certificates of deposit with qualified depositories and in bonds and direct obligations of the United States of America; or the State of Mississippi; or any county, municipality or school district of the State of Mississippi which have been approved by a reputable bond attorney or have been validated by the decree of the chancery clerk.

At September 30, 2008, the City did not hold any certificates of deposit with maturity dates longer than three months.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: RECEIVABLES

Receivables at September 30, 2008 consist of the following :

Governmental Business-type Total	
Activities Government-wide	
Ad Valorem tax	\$ 2,009,433 2,009,433
Sales tax	
Tourism tax	
Fines receivable, gross	
Accounts receivable, gross	
Intergovernmental	
Total receivables, gross	
	818,137
	43,392
	4,044,653
	960,418
	7,876,033
	1,233,009
	1,233,009
	818,137
	43,392
	4,044,653
	1,233,009
	960,418
	9,109,042
Less: allowance for doubtful accounts	(3,329,767) (103,566) (3,433,333)
Total receivables, net	4,546,266\$ 1,129,443 5,675,709

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Deferred revenue at September 30, 2008 consists primarily of unearned grant revenue.

(A) Property Taxes

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Pearl River County and Hancock County tax assessors from the information extracted from the County assessment tax rolls. The taxes on real property attach as an enforceable lien on the property as of January 1.

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Taxes on real and personal property are levied by the City Council at the first regular meeting in September. The City's tax assessment roll is then approved by the City Council after a series of public hearings to receive the citizens' objections. Such taxes are billed and collected by the City.

In accordance with Mississippi Code of 1972, as amended for code section 27-39-321, the Board 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 three years. For purposes of the computation, taxes collected in the current year resulting from the property added to the tax assessment roll are excluded from the computation.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 3: RECEIVABLES (Continued)

(B) Notes Receivable
Brockway Building

On May 3, 2005 the City entered into an agreement with Farmer Fresh Produce International, LLC for the sale of the City's Brockway Building. The sale price of the building was \$1,100,000 at 2% interest per annum for a period of thirty years. Monthly payments of \$4,066 are due on the first day of each month.

The sale is financed by the City. The agreement includes a special provision that the City incur \$35,000 to repair and modernize the Brockway Building's administrative offices. The City and the buyer agree that the special provision will be met by the buyer not paying the first 8 payments and reducing the ninth payment. The net note receivable of \$991,949 is included in "notes receivable" in the Statement of Net Assets.

NOTE 4: DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2008 consists of the following:

Total
Governmental Business-type Government-
Activities Activities wide
Grants \$ 311,012 -311,012

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008 is as follows:

Governmental Activities
Capital assets, not being depreciated
Land
Construction in progress
Total Capital assets,
not being depreciated
Balance 9/30/07 Additions
2,249,707\$ 34,000
1,464,555 84,561
3,714,262 118,561
Deletions
(133,000)
(133,000)
Adjustments
(470,670)

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(470,670)
 Balance 9/30/08
 2,150,707
 1,078,446
 3,229,153
 Capital assets, being depreciated
 Buildings and improvements
 Machinery and equipment
 Improvements other than buildings (I)
 Mobile Equipment
 Infrastructure (s)
 Total capital assets,
 being depreciated
 2,791,885
 802,033
 5,017,521
 2,886,892
 28,651,012
 40,149,343
 214,355
 151,592
 1,894,918
 68,683
 528,853
 2,858,401
 (109,629)
 (466,790)
 (576,419)
 251,420
 219,250
 470,670
 3,257,660
 843,996
 6,912,439
 2,488,785
 29,399,115
 42,901,995
 Less accumulated depreciation for:
 Buildings and improvements
 Machinery and equipment
 Improvements other than buildings
 Mobile Equipment
 Infrastructure (s)
 Total accumulated depreciation
 Total capital assets, being depreciated, net
 1,035,040
 451,328
 859,944
 1,930,671
 17,806,010
 22,082,993
 18,066,350
 87,272
 79,409
 298,721
 198,951
 1,252,958
 1,917,311
 941,090
 (109,629)
 (466,790)
 (576,419)
 470,670
 1,122,312
 421,108
 1,158,665
 1,662,832
 19,058,968
 23,423,885
 19,478,110
 Total capital assets, net 21,780,612 1,059,651 (133,000) -22,707,263
 Business-Type Activities
 Capital assets, not being depreciated:
 Land
 Construction in progress
 Total Capital assets,

REGULAR MEETING FEBRUARY 16, 2010

not being depreciated
172,599
-
172,599 ---
172,599
-
172,599
Capital assets, being depreciated
Buildings and improvements
Machinery and equipment
Mobile Equipment
Infrastructure
Total capital assets,
being depreciated

47,730
849,951
400,781
13,121,853
14,420,315
26,522
15,600
42,122
(82,113)
(53,806)
(7,862,391)
(7,998,310) -
47,730
794,360
362,575
5,259,462
6,464,127
Less accumulated depreciation for:
Buildings and improvements
Machinery and equipment
Mobile Equipment
Infrastructure
Total accumulated depreciation
Total capital assets,
being depreciated, net
Total business-type activities
capital assets, net \$
29,010
481,602
382,186
7,457,252
8,350,050
6,070,265
6,242,864
1,559
42,722
9,583
66,301
120,165
(78,043)
(78,043)
(48,034)
(38,206)
(5,519,497)
(5,605,737)
(2,392,573)
(2,392,573)
30,569
476,290
353,563
2,004,056
2,864,478
3,599,649
3,772,248
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REGULAR MEETING FEBRUARY 16, 2010

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 5: CAPITAL ASSETS (continued)

Adjustments:

Balances were adjusted to reflect the completion of constructing projects total 470,670 and to adjust the balances to

physical.

Construction in progress at September 30, 2008 primarily consists of airport infrastructure.

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

Governmental Activities

General government 91,130
Public safety 163,553
Public works 1,211,458
Culture and recreation 25,650
Economic Development 425,520
Total Governmental activities
depreciation expense \$ 1,917,311
Business-Type Activities
Utility 118,853
Cemetery 1,312
Total business-type activities
depreciation expense \$ 120,165

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 6: LONG - TERM DEBT

Changes in long - term debt during the year ended September 30, 2008 are as follows:

Governmental Activities

Bonds
Notes
Compensated absences
Total
October 1,
2007 Additions
6,474,822\$ 500,000
3,861,329 216,474
331,551 51,866
10,667,702\$ 768,340
Reductions
327,800
167,235
495,035
September 30,
2008
6,647,022
3,910,568
383,417
10,941,007
Due within
One Year
378,280
177,554
555,834
Business-Type Activities
Bonds
Notes
Capital leases

REGULAR MEETING FEBRUARY 16, 2010

Compensated absences

Total

445,902\$ 27,200

1,921,099 450,059

38,108 18,587

110,517 48,439

2,515,626\$ -544,285

418,702

1,471,040

19,521

62,078

1,971,341

26,720

35,194

19,521

81,435

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CITY OF PICAYUNE, MISSISSIP PI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 6: LONG-TERM DEBT (Continued)

(A) Bonds Payable

At September 30, 2008, the City's outstanding bonds payable are described as follows:

General Obligation Public Improvement Bonds, 2004, dated March 1, 2004, \$1,500,000 amount, variable interest currently at 2.875% that increases over the life of the bonds to 3.8%, payable in annual installments beginning at \$75,000 on March 1, 2005, and increasing annually thereafter up to \$130,000 until maturity on March 1, 2019. \$ 1,185,000

Special Obligation Bonds, 2004, dated April 15, 2004, \$3,500,000 amount, variable interest currently at 4.0% that increases over the life of the bonds to 4.625%, payable in annual installments beginning at \$110,000 on July 1, 2005, and increasing annually thereafter up to \$260,000 until maturity on July 1, 2024. 3,025,000

General Obligation Public Improvement Bonds, 2005, dated August 15, 2005, \$1,500,000 amount, variable interest currently at 3.3% that increases over the life of the bonds to 3.6%, payable in annual installments beginning at \$70,000 on July 1, 2006, and increasing annually thereafter up to \$135,000 until maturity on July 1, 2020. 857,022

General Obligation Public Improvement Bonds, 2006, dated July 7, 2006, \$1,200,000 amount, fixed interest rate at 4.30%, payable in annual installments beginning at \$60,000 on May 1, 2007, and increasing thereafter up to \$105,000 until maturity on May 1, 2021. 1,080,000

General Obligation Bond Series, 2008 dated March 19, 2008.

Principal amount of \$500,000

payable at a fixed rate of 2.9% for 10 years.

\$

500,000

6,647,022

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CITY OF PICAYUNE, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 6: LONG-TERM DEBT (Continued)

(A) Bonds Payable

Principal and interest maturities will be as follows:

Year Ending Total

September 30, Principal Interest Requirements

Governmental Activities 2009 378,280\$ 268,330 646,610

2010 386,610 248,553 635,163

2011 409,940 238,561 648,501

2012 428,270 223,762 652,032

2013 451,000 211,902 662,902

2014-2018 2,369,600 817,976 3,187,576

2019-2023 1,630,953 224,733 1,855,686

2024-2028 592,369 19,966 612,335

Total 6,647,022\$ 2,253,783 8,900,805

Year Ending Total

REGULAR MEETING FEBRUARY 16, 2010

September 30, Principal Interest Requirements
Business-Type Activities 2009 26,720\$ 14,918 41,638
2010 28,390 14,010 42,400
2011 30,060 13,044 43,104
2012 31,730 12,022 43,752
2013 34,000 11,140 45,140
2014-2018 190,400 37,018 227,418
2019-2023 77,402 4,896 82,298
Total 418,702\$ 107,048 525,750

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 6: LONG-TERM DEBT (Continued)

(B) Notes Payable

At September 30 2008, the City's outstanding notes payable are described as follows:

MDA Loan No. 0524

bearing interest at 3%

maturing February 1, 2028

Original

Amount

272,539

Governmental

Activities

267,281

Business-Type

Activities

Mississippi Development Authority (MDA)

for Drainage Project, bearing interest at 3%,

maturing September 1, 2014. 332,072 150,935

MDA for drainage project, bearing interest at 4.65%

maturing January 1, 2015. 73,000 39,169

MDA for Airport Improvement, bearing interest at 3%,

maturing September 30, 2010. 479,550 107,571

MDA for Airport Improvement, bearing interest at 3%

maturing April 1, 2011. 227,548 75,815

MDA for Airport Infrastructure Project,

dated May 16, 2001, bearing interest at 3%, maturing

June 1, 2022. 269,850 199,156

MDA for Airport Infrastructure Project,

bearing interest at 3%, maturing

June 1, 2022. 66,317 49,676

Mississippi State Department of Health

(MSDH) for Drinking Water Systems Improvements

bearing interest at 3.5%

maturing July 1, 2023. 253,005 209,888

Trustmark Bank for Centraplex building

bearing interest at 4.93%, maturing June 22, 2010. 72,168 30,965

Mississippi Dev Bank for Katrina Relief, interest of 3 % maturing 250,000

144,442 100,000

FEMA Special Community Disaster Loan, interest at 2.67% maturing 2,224,091

2,224,091

FEMA Special Community Disaster Loan, interest at 2.93% maturing 1,011,729

1,011,729

BancorpSouth interest at 4.32% maturing September 3, 2014 174,546 149,423

MDA for airport infrastructure at 3% maturing July 31, 2027 650,000 621,467

Total 6,356,415 3,910,568 1,471,040

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 6: LONG-TERM DEBT (Continued)

(B) Notes Payable (Continued)

Principal and interest maturities will be as follows:

Year Ending Total

September 30, Principal Interest Requirements

Governmental Activities 2009 177,554\$ 49,934 227,488

2010 182,653 44,608 227,261

REGULAR MEETING FEBRUARY 16, 2010

2011 2,339,816 335,284 2,675,100
2012 92,652 35,064 127,716
2013 95,570 32,470 128,040
2014-2018 384,560 123,154 507,714
2019-2023 368,775 66,893 435,668
2024-2028 268,988 16,326 285,314
Total 3,910,568\$ 703,733 4,614,301
Year Ending Total
September 30, Principal Interest Requirements
Business-Type Activities 2009 35,194\$ 17,973 53,167
2010 40,319 12,849 53,168
2011 1,051,780 161,343 1,213,123
2012 41,618 11,504 53,122
2013 43,783 9,384 53,167
2014-2018 105,091 26,608 131,699
2019-2023 122,392 14,194 136,586
2024-2028 30,863 2,412 33,275
Total 1,471,040\$ 256,267 1,727,307

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 6: LONG-TERM DEBT (Continued)

(C) Unamortized Debt Issuance Costs

The following details unamortized debt issuance costs included in other assets at September 30, 2008.

Governmental Activities

Debt

Issuance

Costs

Accumulated

Amortization

Net

Book Value

Public improvement bonds issued for general purposes in the original amount of \$1,500,000, dated March 1, 2004, amortized over the life of the bonds of 180 months. \$ 39,206 (11,980) 27,226
expansion in the original amount of \$3,500,000, dated April 15, 2004, amortized over the life of the bonds of 243 months.

Special obligation bonds issued for Friendship Park

115,000 (25,319) 89,681

2005, amortized over the life of the bonds of 178.5 months.

Public improvement bonds issued for general purposes in the original amount of \$1,500,000, of which \$1,005,522 is allocated for governmental activities, dated August 15, 18,522 (3,891) 14,631

General Obligation building bonds issued for purchase of Arizona Chemical Building in the original amount of \$1,200,000, dated July 7, 2006, amortized over the life of the bond of 166 months. 20,982 (3,384) 17,598

Total \$ 193,710 (44,574) 149,136

Business-Type Activities

Note payable to MSDH for Drinking Water Systems

Improvements Revolving Loan in the amount of \$253,005, dated May 14, 2002, to be amortized over the life of the loan of 237 months when the project is complete. 15,524 (3,547) 11,977

Public improvement bonds issued for general purposes in the original amount of \$1,500,000 of which \$494,478 is allocated for business-type activities, dated August 15, 2005, amortized over the life of the bonds of 178.5 months. 6,100 (1,281) 4,819

Total \$ 21,624 (4,828) 16,796

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

REGULAR MEETING FEBRUARY 16, 2010

(D) Capital Leases

At September 30 2008, the City's outstanding capital leases are described as follows:

Original Governmental Business-Type

Amount Activities Activities

Capital lease payable to bank, \$132,234 dated February 6, 2001, secured by a boring machine and trailer, bearing and interest rate of 5.02%, payable in annual installments of \$20,501 through February 15, 2009. \$ 132,234 19,521

Total \$ 132,234 -19,521

The future minimum lease obligation and the net present value of these minimum lease payments as of

September 30, 200 were as follows:

September 30,
2009

Governmental
Activities

-

Business-Type

Activities

20,501\$

Total minimum lease payments -20,501

Less amount representing interest (980)

Present value of minimum payments -\$ 19,521

As of September 30, 2008, the cost of the vehicles and equipment under capital leases was \$132,234 in the business -type funds accumulated amortization for those assets was \$99,176 in the business type funds. Amortization expense in the business -type activities was \$13,224 included in utility expenses.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 6: LONG - TERM DEBT (Continued)

(E) Legal Debt Margin

The City's legal debt limit for general bonds is \$11,177,605 . At September 30, 2008, the City's legal debt margin, after reduction for outstanding general obligation notes of \$4,702,783 was \$4,567,322 .

NOTE 7: INTERFUND TRANSACTIONS

(A) Interfund Receivables and Payables

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

Due To Due From

Governmental Activities

Due To Due From

Business-Type Activities

General County Fund

Economic Development Fund

Katrina Grant Fund

\$ 13,468 2,574,906

1,908 171,174

3,847

Friendship Park

Airport Fund

Intermodel Transportation

REGULAR MEETING FEBRUARY 16, 2010

Utility Fund
Cemetery
Police Drug Fund
Total \$
171,174
1,078,847
48
2,200
1,267,645 2,749,927
1,493,839
215
1,494,054
2,151
9,621
11,772

(B) Interfund Transfers

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various programs.

The government -wide statement of activities eliminates transfers as reported within the segregated governmental and business -type activities columns. Only transfers between two columns appear in this statement. The following transfers were made between funds during the year ended September 30, 2008.

Interfund Transfers	Governmental	Activities	Business-Type	Activities
Transfers In	Transfers Out	Transfers In	Transfers Out	
General County Fund	833,333	\$ 242,000		
Economic Development Fund				
Airport Fund	150,000			
Utility Fund	833,333			
Cemetery	92,000			
Total	983,333	\$ 242,000	92,000	833,333

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 8: DEFICIT FUND NET ASSETS

At September 30, 2008, there is a deficit fund balance in the Airport Fund of \$769,182. Grant revenues received after year-end will provide for the deficiency.

NOTE 9: JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION

Joint Venture

Partners for Pearl River County (PFPRC) is a joint venture between the City, the City of Poplarville, and Pearl River County. PFPRC was organized to promote and develop the industrial, commercial, and economic welfare of Pearl River County. PFPRC is funded primarily by contributions received from its members. In fiscal year 2008, the City provided \$85,000 in support which was reported in economic development "expenses" on the Statement of Activities and on the Statement of Revenues, Expenditures, and Changes in fund Balances - Governmental Funds. Each year the City determines the amount of support to be provided to PFPRC based on availability of City resources. Consequently, any potential future financial benefit or burden to the City resulting from activities performed by PRPRC is not determinable at this time.

Jointly Governed Organization

REGULAR MEETING FEBRUARY 16, 2010

The City is a member of the Municipal Gas Authority of Mississippi (MGAM, created as a local distribution company by Mississippi State Code Section 77-6-1 for the purpose of assisting municipal gas systems in the acquisition, transportation and management of adequate, dependable and economic natural gas supplies. Membership of MGAM at September 30, 2008, consisted 17 municipalities or natural gas districts, all located in the State of Mississippi. Each voting member appoints one commissioner to MGAM's Board of Commissioners who has oversight responsibility of the operation of MGAM. The primary source of revenue for MGAM is from gas supply contracts with each of its members which require the members to take their entire gas supply or a fixed portion from MGAM and require MGAM to provide that supply. MGAM is considered to be a jointly governed organization since no member can unilaterally control the financial or operating policies of MGAM and its members do not have an ongoing financial responsibility. The City entered into a gas supply contract for purchases of gas effective April 1, 2001, for a term of ten years at a price based on a spot price index minus a discount of \$.05 per MGAM. For the fiscal year ended September 30, 2008, payments to MGAM for gas purchases amounted to \$1,426,049 . The payments are included in utility "expenses" on the Statement of Activities and are included in "gas purchased" on the Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.

NOTE 10: RETIREMENT PLANS

(A) Public Employees' Retirement System

The City participates in a retirement system administered by the Public Employees' Retirement System of Mississippi (PERS). The system is a defined benefit plan and includes a multi-employer, cost-sharing pension plan as described below:

Plan Description and Provisions

Substantially all of the City's full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 10: RETIREMENT PLANS (Continued)

Description of Funding Policy

PERS members are required to contribute 7.25% of their annual covered salary and the City, is required to contribute at an actuarially determined rate. The rate of annual covered payroll was 11.85%. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature . The City's contributions to PERS for the years ending September 30, 2008, 2007, and 2006, were \$704,647, \$692,019, and \$538,352 respectively, equal to the required contributions for each year.

(B) Deferred Compensation Plan

REGULAR MEETING FEBRUARY 16, 2010

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) Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel the resolution of these matters will not have a material effect on the financial condition of the City.

(B) Grants and Awards

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally federal and state governments. Any disallowed expenses, including amounts already collected, might constitute a liability of the applicable funds. The City does not believe any contingent liabilities are material.

(C) Operating Lease

In February 2003, the City entered into a twenty year lease agreement with the Picayune City School District for exclusive rights to operate and maintain Snyder Park. The lease agreement requires the City to pay the School District \$5,425 annually on March 3rd for ten years. In 2013, the School District will have the property reappraised and will adjust the annual rent accordingly. The City may cancel the lease at any time provided that they give the School District sixty days notice prior to the lease anniversary date.

(D) State Auditor's Investigation

In June 2005, the City requested that the State Auditor's Office investigate certain allegations of wrong doing in the Court Department. An investigation is currently underway. On August 1, 2008, Debi W. Cox, Special Agent for the Mississippi Office of the State Auditor, took possession of Picayune General Fund Receipt Warrant Books covering the time period of 10/25/2002 through 5/31/2005. No preliminary report on the findings has been made to date and, therefore, the potential affect of the investigation on financial statements is unknown.

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 12: RISK MANAGEMENT

(A) Self-Insurance - Workers Compensation Fund

The City is one of approximately 255 members in the Mississippi Municipal Workers' Compensation Group, Inc. This non-profit corporation is a self-insurance worker's compensation fund organized under the nonprofit laws of the State of Mississippi. The group is self-insured under statutory workers compensation protection. Members are jointly and severally liable for the obligations of the group. The possibility of additional liability exists,

REGULAR MEETING FEBRUARY 16, 2010

but that amount, if any, cannot be determined.

(B) Self-Insurance - Liability Fund

The City is one of approximately 245 members in the Mississippi Municipal Liability Plan. The Plan is a private nonprofit corporation organized under the laws of the State of Mississippi. The Plan provides liability and tort claims insurance for its members according to limits established by the Mississippi Tort Claims Act. The Plan is totally self-insured with claims and expenses paid out of the premiums and the members are jointly and severally liable for any claims and expenditures beyond the premium base. The possibility of additional liability exists, but that amount, if any, cannot be determined.

NOTE 13: SUBSEQUENT EVENTS

Litigation

None

Contracts

None

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE 13: SUBSEQUENT EVENTS (continued)

Funding

Grants

NONE

NOTE 14: PRIOR PERIOD ADJUSTMENTS

A Prior period adjustment was made in the financial statements to reflect the following:

Governmental Activities:

1) Correction of prior year accruals \$ (258,361)

Total Governmental activities \$ (258,361)

Business -type Activities:

1) Correction of prior year accounts receivable \$ 219,123

Total Business -type activities \$ 219,123

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF PICAYUNE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2008

VARIANCE

ORIGINAL FINAL POSITIVE

REVENUES BUDGET BUDGET ACTUAL (NEGATIVE)

Taxes 2,055,880\$ 1,682,880 1,693,255 10,375

Licenses and permits 656,000 794,000 758,334 (35,666)

Intergovernmental 7,967,534 7,647,135 6,089,722 (1,557,413)

Charges for services 110,100 14,000 454,225 440,225

Interest 50,000 50,000 369,370 319,370

Fines and forfeitures 380,300 380,800 361,259 (19,541)

Miscellaneous 39,494 106,600 258,676 152,076

Total Revenues 11,259,308 10,675,415 9,984,841 (690,574)

EXPENDITURES

REGULAR MEETING FEBRUARY 16, 2010

General Government
 Personnel 1,390,300 1,480,633 1,411,020 69,613
 Supplies 40,750 161,400 37,215 124,185
 Other Services and charges 413,075 529,952 785,078 (255,126)
 Capital outlay 6,000 193,425 3,928 189,497
 Totals 1,850,125 2,365,410 2,237,241 128,169
 Public Safety
 Personnel 4,453,000 4,381,000 4,696,434 (315,434)
 Supplies 270,691 270,551 286,761 (16,210)
 Other Services and charges 343,350 354,763 314,221 40,542
 Capital outlay 2,040,965 2,040,965 153,164 1,887,801
 Totals 7,108,006 7,047,279 5,450,580 1,596,699
 Public Works
 Personnel 761,300 861,593 965,950 (104,357)
 Supplies 107,650 148,434 279,117 (130,683)
 Other Services and charges 75,600 75,600 209,016 (133,416)
 Capital outlay 115,288 132,288 97,294 34,994
 Totals 1,059,838 1,217,915 1,551,377 (333,462)
 Culture and Recreation
 Personnel 114,500 114,500 112,946 1,554
 Supplies 17,200 19,800 27,648 (7,848)
 Other Services and charges 11,900 15,705 101,157 (85,452)
 Capital outlay 1,318,381 1,131,681 1,102,199 29,482
 Totals 1,461,981 1,281,686 1,343,950 (62,264)

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CITY OF PICAYUNE, MISSISSIPPI
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
 GENERAL FUND CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
 GENERAL FUND CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 Support to other organizations
 Debt service
 ORIGINAL
 BUDGET
 44,200
 836,553
 FINAL
 BUDGET
 43,225
 442,948
 ACTUAL
 38,200
 387,785
 VARIANCE
 POSITIVE
 (NEGATIVE)
 5,025
 55,163
 Total expenditures 12,360,703 12,398,463 11,009,133 1,389,330
 Excess (deficiency) of revenues
 over expenditures (1,101,395) (1,723,048) (1,024,292) 698,756
 OTHER FINANCING SOURCES (USES)
 Sale of assets
 Debt proceeds
 Insurance proceeds
 Transfers in
 Transfers out
 Total other financing sources (uses)
 950,000
 (684,948)
 265,052
 24,894
 950,000
 (242,000)
 732,894
 500,000
 833,333
 (242,000)
 1,091,333
 (24,894)
 500,000
 (116,667)

REGULAR MEETING FEBRUARY 16, 2010

-

358,439
 Net change in fund balances (836,343) (990,154) 67,041 \$ 1,057,195
 Fund balances - beginning, budget (3,685,876) (2,050,000) 6,735,378
 Fund balances - ending, budget \$ (4,522,219) (3,040,154) 6,802,419
 Reconciliation to GAAP Basis:
 Change in accrued revenue 828,544
 Fund Balance-ending GAAP Basis \$ 7,630,963
 See notes to budgetary comparison schedule.

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CITY OF PICAYUNE, MISSISSIPPI
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
 ECONOMIC DEVELOPMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUES

Intergovernmental
 Rent
 Interest
 Miscellaneous
 Total Revenues

ORIGINAL

BUDGET

350,000\$

48,790

7,400

406,190

FINAL

BUDGET

350,000

48,790

7,400

406,190

ACTUAL

500,632

32,654

50,498

69,388

653,172

VARIANCE

POSITIVE

(NEGATIVE)

150,632

(16,136)

43,098

69,388

246,982

EXPENDITURES

Support to other organizations

Other services and charges

Capital outlay

Debt service

Total Expenditures

100,000

261,543

361,543

100,000

142,644

261,543

504,187

81,212

142,644

65,771

289,627

-

18,788

-

195,772

214,560

Excess (deficiency) of revenues

over expenditures 44,647 (97,997) 363,545 461,542

OTHER FINANCING SOURCES (USES)

Transfers in

REGULAR MEETING FEBRUARY 16, 2010

Transfers out
Capital contributions
Total other financing sources (uses) ----
Net change in fund balances 44,647 (97,997) 363,545 461,542
Fund balances - beginning, budget 1,143,938 1,742,195 1,734,689
Fund balances - ending, budget 1,188,585\$ 1,644,198 2,098,234
Reconciliation to GAAP Basis:
Change in accrued revenue
Prior period adjustment
(275,323)
(288,980)
Fund Balance-ending GAAP Basis \$ 1,533,931
See notes to budgetary comparison schedule.

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CITY OF PICAYUNE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
AIRPORT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REVENUES
Intergovernmental
Rent
Interest
Fines and forfeitures
Miscellaneous
Total Revenues
ORIGINAL
BUDGET
289,950\$
113,768
125
403,843
FINAL
BUDGET
289,950
113,768
125
403,843
ACTUAL
609,716

167,174
5,785
782,675
VARIANCE
POSITIVE
(NEGATIVE)
319,766
53,406
5,660
378,832
EXPENDITURES
Economic Development
Personnel
Supplies
Other Contract Services
Capital Outlay
Debt Service
Total Expenditures
182,200
5,425
48,395
285,950
132,062
654,032
182,200
5,425
48,395
285,950
132,062
654,032
133,819
5,107

REGULAR MEETING FEBRUARY 16, 2010

40,427
963,924
132,062
1,275,339
48,381
318
7,968
(677,974)
-
(621,307)
Excess (deficiency) of revenues
over expenditures (250,189) (250,189) (492,664) (242,475)
OTHER FINANCING SOURCES (USES)
Debt proceeds
Transfers in
Transfers out
Total other financing sources (uses)
150,000
150,000
150,000
150,000
216,474
137,500
353,974
216,474
(12,500)
203,974
Net change in fund balances (100,189) (100,189) (138,690) \$ (38,501)
Fund balances - beginning, budget 643,770 643,770 (740,423)
Fund balances - ending, budget 543,581\$ 543,581 (879,113)
Reconciliation to GAAP Basis:
Change in accrued expenses
Change in accrued revenue
(93,380)
202,681
Fund Balance-ending GAAP Basis \$ (769,812)
See notes to budgetary comparison schedule.

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CITY OF PICAYUNE, MISSISSIPPI
NOTE TO BUDGETARY COMPARISON SCHEDULES (NON-GAAP BASIS)
GENERAL FUND AND ECONOMIC DEVELOPMENT FUND
FOR YEAR ENDED SEPTEMBER 30, 2008

NOTE A: BUDGETARY DATA

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

1.
Prior to August 1, the City Manager submits to the City Council a propose operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2.
Public hearings are conducted to obtain taxpayer comments.
3.
No later than September 15, the budget is legally enacted through passage of a resolution.
4.
Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund types.
5.
Budgets are adopted on a cash basis as required by State statute. All budgeted amounts presented in the accompanying financial statements are as originally adopted or as amended by the City Council. Accordingly, actual figures have also been presented on a cash basis. The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments require approval of the City Council. The legal level of budgetary controls is the department

REGULAR MEETING FEBRUARY 16, 2010

level.

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OTHER SUPPLEMENTAL INFORMATION

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SCHEDULE A

CITY OF PICAYUNE, MISSISSIPPI
SCHEDULE OF SURETY BONDS, FOR CITY OFFICIALS
September 30, 2008

Covered Surety Company Coverage Amount
Mayor RLI Surety \$ 100,000
Council Member RLI Surety 100,000
City Manager RLI Surety 50,000
City Clerk RLI Surety 50,000
Deputy City Clerk Fidelity and Deposit Company 50,000
City Inspector RLI Surety 5,000
Police Chief RLI Surety 5,000
Police Chief RLI Surety 50,000
Police Department- Blanket Bond RLI Surety 25,000
All Other Employees - Blanket Bond Fidelity and Deposit Company 20,000

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REPORT ON COMPLIANCE AND INTERNAL CONTROL

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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

February 1, 2010

Honorable Mayor, Members of the City Council and City Manager
City of Picayune, Mississippi
Picayune, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business -type activities, each major fund, and the aggregate remaining fund information of the City of Picayune, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the City of Picayune, Mississippi's basic financial statements and have issued our report thereon dated February 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not

REGULAR MEETING FEBRUARY 16, 2010

for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Picayune, Mississippi's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Picayune, Mississippi financial statements that is more than inconsequential will not be prevented or detected by the City of Picayune, Mississippi's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.
Honorable Mayor, Members of the City Council and City Manager

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City of Picayune, Mississippi
Picayune, Mississippi
February 1, 2010

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Picayune, Mississippi's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider 08-1, 08-2, 08-5 and 08-6 to be material weaknesses of the significant deficiencies described above.

Compliance and Other Matters

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

The City's response to the findings in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on it.

REGULAR MEETING FEBRUARY 16, 2010

This report is intended solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

WRIGHT CPA GROUP, PLLC
Certified Public Accountants
Hattiesburg, Mississippi

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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

February 1, 2010

Honorable Mayor, Members of the City Council and City Manager

City of Picayune, Mississippi
Picayune, Mississippi

Compliance

We have audited the compliance of City of Picayune, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2008. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Picayune complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the year ended September 30, 2008.

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Honorable Mayor, Members of the City Council and City Manager
City of Picayune, Mississippi
Picayune, Mississippi
February 1, 2010

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 county's internal control over compliance.

A control deficiency in a county's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement is a federal program that is more than inconsequential will not be prevented or detected by the county's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the county's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City of Picayune, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

WRIGHT CPA GROUP, PLLC
Certified Public Accountants
Hattiesburg, Mississippi

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SCHEDULE I

CITY OF PICAYUNE, MISSISSIPPI
SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS
SEPTEMBER 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title
CFDA

REGULAR MEETING FEBRUARY 16, 2010

Number
Pass-through
Grantor's Number
Federal
Expenditures
U.S. Department of Agriculture
Rural Development- Community Facilities 10.766 NA 34,143
Environmental Protection Agency
Special Appropriation Water Infrastructure Grant 66.606 NA 94,230
U.S. Department of Health and Human Services
Passed Through the Mississippi Department of Health:
Mosquito Control Grants: 93.283 NA 22,924
U.S. Department of Homeland Security
Passed Through Mississippi Emergency
Management Agency:
Domestic Preparedness Equipment Grant
Presidentially Declared Disaster Public Assistance
Total U.S. Department of Homeland Security
97.067
97.036
511-S297 57,168
1,520,367
1,577,535
*
U.S. Department of Housing and Urban Development
Passed through the Mississippi Department Authority:
C.D.B.G. Economic Development Infrastructure
C.D.B.G. Block Grant for Entitlement Communities
Total U.S. Department of Housing and Urban Development
14.251
14.218
7,422
94,569
101,991
U.S. Department of Justice Passed Through the
Mississippi Department of Public Safety:
Bullet Proof Vest Grant
Violence Against Women Formula/Grants
Total Department of Justice
16.607
16.588
3,465
24,761
28,226
U.S. Department of Transportation Passed Through the
Passed Through Mississippi Department of Transportation:
Safe Communities Program Grant
Inter-modal Transportation Grants
Direct Programs:
Airport Improvement Program
Intermodal Transportation Grants
Total U. S. Department of Transportation
20.600
20.205

20.106
20.500
50,590
447,755
498,345
272,854
424,583
1,195,782
*
*
TOTAL FEDERAL ASSISTANCE PROGRAMS \$ 3,054,831

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CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NOTE 1: BASIS OF PRESENTATION

REGULAR MEETING FEBRUARY 16, 2010

The accompanying schedule of expenditures of federal awards is included in the federal grant activity of the City of Picayune, Mississippi, (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

NOTE 2: NON-CASH AWARDS

The City did not receive any non-cash awards during the fiscal year ended September 30, 2008.

NOTE 3: SPECIAL DISASTER LOAN

The City received \$2,244,091 in FEMA Special Community Disaster Loan Funds in August of 2006 and \$1,011,729 in additional Disaster Loan Funds in November of 2006.

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SCHEDULE II

CITY OF PICAYUNE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2008

Section 1: Summary of Auditors' Results

Financial Statements:

1 Type of auditor's report issued:
Governmental Activities Unqualified
General Fund Unqualified
Airport fund Unqualified
Economic Development Unqualified
Aggregate Remaining Funds Unqualified

2 Internal control over financial reporting:

ï Material weakness(es) identified? Yes
ï Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

3 Noncompliance material to financial statements noted? No

Federal Awards

4 Internal control over major programs:
ï Material weakness(es) identified? No
ï Significant deficiency(ies) identified that are No

5 Type of auditor's report issued on compliance for major Unqualified

6 Any audit findings disclosed that are required to be reported in accordance with section 510 No

7 The dollar Threshold used to distinguish between Type A and 300,000

8 Auditee qualified as a low-risk auditee? No

9 Prior year audit finding or question coast relative to federal awards which would require auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133 No

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CITY OF PICAYUNE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

REGULAR MEETING FEBRUARY 16, 2010

SECTION II - Financial Statement Findings

2008-1 Finding (Repeated from 2007 audit findings)

Significant Deficiency - Material Weakness

Bank reconciliations contained errors and outstanding items with no resolution, were not prepared in a timely manner and were not consistently reconciled to the general ledger.

Criteria

Internal controls should be in place to ensure that the bank reconciliations are prepared accurately and in a timely

fashion.

Effect

Without proper internal controls over the cash reconciliation process, there exists a risk that fraud and material

errors in the cash accounts may not be detected.

Recommendation

Procedures should be implemented that require timely reconciliations of cash accounts and appropriate review by

management .

2008-2 Finding (Repeated from 2007 audit findings)

Significant Deficiency -Material Weakness

The City uses general journal entries to post accounting activities that should be accounted for through the City's normal accounting process. Additionally, an unusually large number of general journal entries are used to correct errors in posting. The large amounts of journal entries indicates a lack of understanding of the accounting principles or inadequate controls of the accounts payable, cash receipts and tax collection functions.

Criteria

Journal entries should be used to correct an unusual error or to record transactions that cannot be recorded through normal processing cycles. Large numbers of journal entries indicate that there is a problem with understanding the day to day accounting system or the accounting software.

Effect

Excessive journal entries make transactions much harder to trace through the accounting system and increase the risk of fraud or material errors going undetected.

Recommendation

Accounting personnel should attend training classes on the use of the City's accounting software and fund accounting. Additionally, journal entries should only be made by an appropriate level of management and approved by the City Manager or City Clerk.

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CITY OF PICAYUNE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SECTION II - Financial Statement Findings (continued)

2008-3 Finding (Repeated from 2007 audit findings)

Significant Deficiency

All interfund loans and transfers are not being reconciled monthly and approved by the council.

REGULAR MEETING FEBRUARY 16, 2010

Criteria

Interfund transactions should be reconciled monthly and approved by the council .

Effect

The failure to reconcile these transactions monthly could result in errors going undetected and increase the chance

of fraud.

Recommendation

Assign the reconciliation of interfund transactions to the appropriate accounting personnel and have the

reconciliations initialed by management.

2008-4 Finding (Repeated from 2007 audit findings)

Significant Deficiency

Condition

Property tax collections were not properly allocated to the appropriate revenue or liability accounts upon

collections.

Criteria

Property tax collections for the City should be allocated to the City's revenue accounts or the appropriate liability

accounts if the funds are collected for another governmental entity.

Effect

The City could inaccurately distribute tax revenues due to other governmental entities which could result in

litigation and ill will.

Recommendation

The City should contract with the Pearl River County Tax Collector for the collection of the City's tax levy.

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CITY OF PICAYUNE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SECTION II - Financial Statement Findings (continued)

2008-5 Finding (Repeated from 2007 audit findings)

Significant Deficiency -Material Weakness

Criteria

A critical aspect of effective financial management is the maintenance of accurate accounting records.

Management does not have the personnel qualified or trained to prepare the financial statements of the City in accordance with generally accepted accounting principals. Due to this lack of training the auditor was relied upon to prepare the financial statements. Without adequate controls of the recording and reporting of financial transactions, the risk increases that inaccurate information may be reported and that there may be a loss or misappropriation of public funds.

Effect

Financial statements may be inaccurate and public funds may be misappropriated.

Recommendation

The City should seek training for accounting personnel or hire an outside accounting firm to prepare the financial

REGULAR MEETING FEBRUARY 16, 2010

statements.

2008-6 Finding

Significant Deficiency -Material Weakness
Condition

The City did not record utility revenue in its accounting records from May 1 through September 30. This was the

result of a conversion from one software company to another.

Effect

Utility fund revenues and receivables were understated from May through September of 2008.

Recommendation

The City should put controls in place that include reconciling the utility's billing, collections, and accounts

receivable monthly.

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CITY OF PICAYUNE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SECTION III -Federal Awards Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

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City of Picayune
815 North Beech Street
Picayune, Mississippi

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2008

Finding 2007-1

Condition: The City switched Utility department software and did not maintain adequate records to document aged accounts receivable as of September 30, 2007.

Status: The City has hired an independent accounting firm to recreate those records in fiscal year end September 30, 2009.

Finding 2007-2

Condition: Bank reconciliations contained errors and were not prepared in a timely fashion.

Status: Corrected in fiscal year end September 30, 2009

Finding 2007-3

Condition: The City posted excessive numbers of transactions through general journal entries.

Status: The City is continuing to train personnel and has contracted with an independent accounting firm to monitor the accounting process.

Finding 2007-4

Condition: The City has an outside contractor maintain fixed asset inventory listing. However, the City does not record this information on its accounting records.

Status: See 2007-3 above.

REGULAR MEETING FEBRUARY 16, 2010

Finding 2007-5

Condition: Interfund transactions are not reconciled monthly.

Status: An independent accounting firm has been retained to monitor this process.

Finding 2007-6

Condition: Property tax collections were not properly allocated to the appropriate revenue and liability accounts.

Status: Corrected by contracting tax collection to the county.

Finding 2007-7

Condition: Management did not have personnel qualified to issue or review the financial statements.

Status: An independent accounting firm has been retained to aid in preparing or reviewing the financial statements for the year ended September 30, 2009.

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CORRECTIVE ACTION PLAN
FEBRUARY 1, 2010

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Finding 2008-1

The City has hired an outside accounting firm to assist in this function .

Finding 2008-2

See 2008-1

Finding 2008-3

See 2008-1

Finding 2008-4

The City contracted with the county tax collector for the collection and payment of tax proceeds.

Finding 2008-5

See 2008-1

Finding 2008-6

The City has put controls in place that include reconciling the Utility's billings, collections and receivables .

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American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants

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Phone 601.268.3135 • Fax 601.261.3922

www.wrightcpagroup.com

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

February 1, 2010

Honorable Mayor, Members of the City Council, and City Manager
City of Picayune, Mississippi
Picayune, Mississippi

REGULAR MEETING FEBRUARY 16, 2010

We have audited the basic financial statements of the City of Picayune as of and for the year ended September 30, 2008, and have issued our report thereon dated February 1, 2010. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

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

The results of those procedures and our audit of the basic financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations are as follows:

Budget

The City exceeded budgeted expenditures for the following departments of the General Fund without

properly amending the budget:

Public Works
Culture and Recreation

The City also exceeded the budgeted expenditures for the Airport Fund without properly amending the budget.

We recommend that the City adhere to state budget law and amend budgets when required .

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Honorable Mayor, Members of the City Council, and City Manager
City of Picayune, Mississippi
February 1, 2010

The instances of noncompliance of the prior year have been corrected by management unless it is specifically stated otherwise in the findings and recommendations noted above.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

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.

WRIGHT CPA GROUP, PLLC
Certified Public Accountants
Hattiesburg, Mississippi

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The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

**APPOINT WRIGHT & ASSOCIATES, CPA TO PERFORM THE CITY OF PICAYUNE
AUDIT FOR THE FISCAL YEAR 2008-2009**

Motion was made by Council Member Watkins, second by Council Member Gouguet to appoint Wib Wright of Wright and Associates, CPA to perform the City of Picayune Audit for the fiscal year 2008-2009, which must be completed by June 30, 2010.

The following roll call was made:

VOTING YEA: Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: Mayor Ed Pinero

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

**AUTHORIZE MAYOR'S SIGNATURE ON CONTRACT WITH DUNGAN
ENGINEERING**

Motion was made by Council Watkins, seconded by Council Member Lane to authorize Mayor's signature on contract with Dungan Engineering for services to be provided for roof project at Margaret Reed Crosby Memorial Library.



925 Goodyear Boulevard
Picayune, Mississippi 39466
Phone (601) 799-1037
Fax (601) 799-0480
www.dunganeng.com

February 11, 2010

Ms. Priscilla Daniel
City of Picayune
815 North Beech Street
Picayune, Mississippi 39466

RE: Crosby Margaret Reed Memorial Library
Roof Repair Project
Picayune, MS

Dear Ms. Daniel:

Thank you for allowing us the opportunity to assist you with this project. According to the laws set forth by the Mississippi State Board of Registration for Professional Engineers and Surveyors, we can only submit a cost estimate for providing professional services if we are selected for the work based on our qualifications. Therefore, we are submitting this not to exceed cost estimate portion of this proposal with the understanding that it is for budgetary estimate purposes only and is not being used for comparative pricing of the other professional firms. I have reviewed the engineering and surveying work required in connection with the above referenced. I am pleased to provide this letter of agreement for the following engineering services:

I. Construction Drawings

Dungan Engineering, P.A. will provide all engineering and surveying necessary for the development of the construction drawings, details, and specifications for the Library Roof Repairs. The project shall include replacing the roof on the existing library with a roofing system approved by both the City and Library.

II. Construction Phase

Dungan Engineering, P.A. will solicit bids and administer the construction contract for the various elements of work. Dungan Engineering, P.A. will provide intermittent construction observation during critical phases of work. These intermittent construction observations will be necessary to insure quality of work and required as-built certifications.

III. Professional Fees

Dungan Engineering, P.A. proposes to provide all necessary engineering and drafting services, as outlined above, for a lump sum fee of \$21,000.00. This fee is equal to approximately 12% of the estimated construction cost of the Library Roof Repair Project.

We would expect to start our services promptly after receipt of written confirmation you had accepted our proposal. We intend to perform this work in accordance with generally accepted engineering and surveying principles.

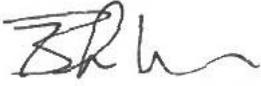
Consulting Engineers

February 11, 2010
Page 2 of 2

If you accept this proposal please execute both copies of this Letter of Agreement and return one (1) to our office. This letter of agreement is subject to the attached thirty (30) "General Terms and Conditions".

Thanks again for your consideration. We look forward to working with you on this project. If you have any questions or comments, please call me.

Sincerely,



Brooks Wallace, P.E.
Vice President
Dungan Engineering, P.A.

Accepted By 
City of Picayune

Enclosures

GENERAL TERMS AND CONDITIONS

1. **Relation Between Engineer and Client.** Engineer shall serve as Client's professional engineering consultant in those phases of the Project to which this Agreement applies. The relationship is that of a buyer and seller of professional services and it is understood that the parties have not entered onto any joint venture or partnership with the other. The Engineer shall not be considered to be the agent of the Client.
2. **Responsibility of the Engineer.** Engineer will strive to perform services under this Agreement in a manner consistent with that standard of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. No other representation, express or implied, and no warranty or guarantee is included or intended in this Agreement or in any report, opinion, document, or otherwise.

Notwithstanding anything to the contrary which may be contained in this Agreement or any other material incorporated herein by reference, or in any agreement between the Client and any other party concerning the Project, the Engineer shall not have control of and shall not be responsible for the means, methods, techniques, sequences or procedures of construction; or the safety, safety precautions or programs of the Client, the construction contractor, other contractors or subcontractors performing any of the work or providing any of the services on the Project. Nor shall the Engineer be responsible for the acts or omissions of the Client, or for the failure of the Client, any contractor or subcontractor, or any other engineer, architect or consultant not under contracts to the Engineer to carry out their respective responsibilities in accordance with the Project documents, this Agreement or any other agreement concerning the Project.

Engineer shall determine the amounts owing to the construction contractor and recommend in writing payments to the contractor in such amounts. By recommending any payment, the Engineer will not thereby be deemed to have represented that exhaustive, continuous or detailed reviews or examinations have been made to check the quality or quantity of the contractor's work.

3. **Responsibility of the Client.** Client shall provide all criteria and full information as to his requirements for the Project, including budgetary limitations. Client shall arrange for Engineer to enter upon public and private property and obtain all necessary approvals and permits required from all governmental authorities having jurisdiction over the Project.

Client shall give prompt written notice to the Engineer whenever Client observes or otherwise becomes aware of any development that affects the scope or timing of Engineer's services, or any defect or nonconformance in the work of any construction contractor.

Client shall examine all documents presented by Engineer, obtain advice of an attorney or other consultant as Client deems appropriate for such examinations and provide decisions pertaining thereto within a reasonable time so as not to delay the service of the Engineer.

4. **Designation of Authorized Representatives.** Each party shall designate one or more persons to act with authority in its behalf with respect to appropriate aspects of the Project. The persons designated shall review and respond promptly to all communications received from the party.
5. **Ownership of Documents.** Drawings, specifications, reports and any other documents prepared by Engineer in connection with any or all of the services furnished hereunder shall be the property of Client. Engineer shall have the right to retain copies of all documents and drawings for its files.
6. **Reuse of Documents.** All documents, including drawings and specifications furnished by Engineer pursuant to this Agreement, are intended for use on the Project only. They should not be used by Client or others on extensions of the Project or on any other project. Any reuse, without written verification or

adaption by Engineer, shall be at Client's sole risk, and Client shall indemnify and hold harmless Engineer from all claims, damages, losses and expenses, including attorney's fees arising out of or resulting therefrom.

7. **Opinions of Cost.** Since the Engineer has no control over the cost of labor, materials, equipment or services furnished by the contractor, or over the contractor's methods of determining prices, or over competitive bidding or market conditions, the Engineer cannot and does not guarantee that proposals, bids or actual construction costs will not vary from his opinions or estimates of construction costs.
8. **Changes.** Client reserves the right by written change order or amendment to make changes in requirements, amount of work or engineering time schedule adjustments; and Engineer and Client shall negotiate appropriate adjustments in fee and/or schedule acceptable to both parties to accommodate any changes.
9. **Delays.** If the Engineer's services are delayed by the Client, or for other reasons beyond the Engineer's control, for more than one year, the fee provided for in this Agreement shall be adjusted equitably.
10. **Subcontracts.** Engineer may subcontract portions of the services, but each subcontractor must be approved by Client in writing.
11. **Suspension of Services.** Client may, at any time, by written order to Engineer, require Engineer to stop all, or any part, of the services required by this Agreement. Upon receipt of such an order, Engineer shall immediately comply with its terms and take all reasonable steps to minimize the occurrence of costs allocable to the services covered by the order. Client, however, shall pay all costs associated with suspension including all costs necessary to maintain continuity and the staff required to resume the services upon expiration of the suspension of work order. Engineer will not be obligated to provide the same personnel employed prior to suspension when the services are resumed in the event the period of any suspension exceeds 30 days. Client will reimburse Engineer for the costs of such suspension and remobilization.
12. **Termination.** This Agreement may be terminated by either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. This Agreement may be terminated by Client, under the same terms, whenever Client shall determine that termination is in its best interests. Cost of termination, including salaries, overhead and fee, incurred by the Engineer either before or after the termination date shall be reimbursed by Client.
13. **Notices.** Any notice or designation required to be given by either party hereto shall be in writing and, unless receipt of such notice is expressly required by the terms hereof, it shall be deemed to be effectively served when deposited in the mail with sufficient first class postage affixed and addressed to the party to whom such notice is directed at such party's place of business or such other address as either party shall hereinafter furnish to the other party by written notice as herein provided.
14. **Indemnification.** Engineer shall indemnify and hold harmless Client from Client's loss or expense, including reasonable attorney's fees for claims for personal injury (including death) or property damage arising out of the sole negligent act, error or omission of Engineer.

Client shall indemnify and hold harmless Engineer from Engineer's loss or expense, including reasonable attorney's fees, for claims for personal injuries (including death) on property damage arising out of the sole negligent act, error or omission of Client.

In the event of joint or concurrent negligence of Engineer and Client, each shall bear that portion of the loss or expense that its share of the joint or concurrent negligence bears to the total negligency (including that of third parties) which caused the personal injury or property damage.

Client shall not be liable to the Engineer, and the Engineer shall not be liable to the Client, for any special,

incidental or consequential damages, including, but not limited to, loss of use and loss of profit, incurred by either party due to the fault of the other, regardless of the nature of this fault, or whether it was committed by the Client of the Engineer or their employees, agents or subcontractors, by reason of services rendered under this Agreement.

15. **Legal Proceedings.** In the Event's employees are at any time required by Client to provide testimony, answer interrogatories or otherwise provide information ("testimony") in preparation for or at a trial, hearing, proceeding or inquiry ("proceeding") arising out of the services that are the subject of this Agreement, where Engineer is not a party to such a proceeding, Client will compensate Engineer for its services and reimburse Engineer for all related direct costs incurred in connection with providing such testimony. This provision shall be of no effect if the parties have agreed in a separate agreement or an amendment to this Agreement to terms which specifically supersede this provision, nor shall this provision apply in the event Client engages Engineer to provide expert testimony or litigation support, which services shall be the subject of a separate agreement or an amendment to this Agreement.
16. **Successors and Assigns.** The terms of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided however, that neither party shall assign this Agreement in whole or in part without the prior written approval of the other.
17. **Insurance.** Within the context of prudent business practices, Engineer shall endeavor to maintain workmen's compensation and unemployment compensation of a form and in an amount as required by state law; comprehensive liability with maximum limits of \$500,000/\$1,000,000; automotive liability with maximum limits of \$50,000/\$500,000; and professional liability insurance with an annual limit of \$500,000. Client recognizes that insurance market is erratic and Engineer cannot guarantee to maintain the coverages identified above.
18. **Information Provided by the Client.** The Engineer shall indicate to the Client the information needed for rendering of services hereunder. The Client may elect to provide this information (including services by others) to the Engineer. In this case, the Client recognizes that the Engineer cannot assure the sufficiency of such information. Accordingly, the Engineer shall not be liable for any claims for injury or loss arising from errors, omissions or inaccuracies in documents or other information provided by the Client. In addition, the Client agrees to compensate the Engineer for any time spent or expenses incurred in defending such claim or in making revisions to his work as a direct or indirect result of information provided by the Client which is sufficient.
19. **Subsurface Conditions and Utilities.** Client recognizes that a comprehensive sampling and testing program implemented by trained and experienced personnel of Engineer of Engineer's subconsultants with appropriate equipment may fail to detect certain hidden conditions. Client also recognizes that actual environmental, geological and geotechnical conditions that Engineer properly inferred to exist between sampling points may differ significantly from those that actually exist.

Engineer will locate utilities which will affect the project from information provided by the Client and utility companies and from Engineer's surveys. In that these utility locations are based, at least in part, or information from others, Engineer cannot and does not warrant their completeness and accuracy.

20. **Hazardous Materials.** When hazardous materials are known, assumed or suspected to exist at a project site, Engineer is required to take appropriate precautions to protect the health and safety of his personnel, to comply with the applicable laws and regulations and to follow procedures deemed prudent to minimize physical risks to employees and the public. Client hereby warrants that, if he knows or has any reason to assume or suspect that hazardous materials may exist at the project site, he will inform Engineer in writing prior to initiation of services under this Agreement.

Hazardous materials may exist at a site where there is no reason to believe they could or should be present. Client agrees that the discovery of unanticipated hazardous materials constitutes a changed condition mandating a renegotiation of the scope of work or termination of services. Engineer agrees to notify Client as soon as practically possible should unanticipated hazardous materials or suspected hazardous materials be encountered. Client waives any claim against Engineer and agrees to indemnify, defend and hold

Engineer harmless from any claim or liability for injury or loss arising from Engineer's encountering unanticipated hazardous materials or suspected hazardous materials. Client also agrees to compensate Engineer for any time spent and expenses incurred by Engineer in defense of any such claim.

21. **Risk Allocation.** The Client recognizes that Engineer's fee includes an allowance for funding a variety of risks which affect the Engineer by virtue of his agreeing to perform services on the Client's behalf. One of these risks stems from the Engineer's potential for human error. In order for the Client to obtain the benefits of a fee which includes a lesser allowance for risk funding, the Client agrees to limit the Engineer's liability to the Client and all construction contractors arising from the Engineer's professional acts, errors, or omissions, such that the total aggregate liability of the Engineer to all those named shall not exceed \$50,000 or the Engineer's total fee for the services rendered on this project, whichever is greater.
22. **Anticipated Change Orders.** Client recognizes and expects that a certain amount of imprecision and incompleteness is to be expected in construction contract documents; that contractors are expected to furnish and perform work, materials and equipment that may reasonably be inferred from the contract documents or from the prevailing custom or trade usage as being required to produce the intended result whether or not specifically called for; and that a certain amount of change orders are to be expected. As long as Engineer provides services in a manner consistent with that standard of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions, client agrees not to make any claim against Engineer for cost of these change orders unless these costs become a significant part of the construction contract amount. In no case will Client make claim against Engineer for costs incurred in the change order work is a necessary part of the Project for which Client would have incurred cost if work had been included originally in the contract documents unless Client can demonstrate that such costs were higher through issuance of the change order than they would have been if originally included in the contract documents in which case any claim of Client against Engineer will be limited to the cost increase and not the entire cost of the change order.
23. **Payment.** Engineer shall submit monthly statements to Client. Payment in full shall be done upon receipt of the invoice. If payments are delinquent after 30 days from invoice date, the Client agrees to pay interest on the unpaid balance at the rate of one percent per month. Payment for Engineer's services is not contingent on any factor except Engineers ability to provide services in a manner consistent with that standard of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.
24. **Force Majeure.** Neither Client nor Engineer shall be liable for any fault or delay caused by contingency beyond their control including, but not limited to, acts of God, wars, strikes, walkouts fires, natural calamities, or demands or requirements of governmental agencies.
25. **Compliance with Laws.** To the extent they apply to its employees or its services, the Engineer shall comply with all applicable United States, state, territorial and commonwealth laws, including ordinances of any political subdivisions or agencies of the United States, any state, territory, or commonwealth thereof.
26. **Separate Provisions.** If any provisions of this Agreement are held to be invalid or unenforceable, the remaining provisions shall be valid and binding.
27. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the principal place of business of the Engineer.
28. **Amendment.** This Agreement shall not be subject to amendment unless other instrument is executed by duly authorized representatives of each of the parties.
29. **Entire Understanding of Agreement.** This Agreement represents and incorporates the entire understanding of the parties hereto, and each party acknowledges that there are no warranties, representations, covenants or understandings of any kind, matter or description whatsoever, made by either party to the other except as expressly set forth herein. Client and Engineer hereby agree that any purchase orders, invoices, confirmations, acknowledgments or other similar documents executed or delivered with

respect to the subject matter hereof that conflict with the terms of this Agreement shall be null, void and without effect to the extent they conflict with the terms of this Agreement.

30. **Design without Construction Phase Services.** Should Client provide Construction Phase services with either Client's representatives or a third party, Engineer's Basic Services under this Agreement will be considered to be completed upon completion of the Final Design Phase or Bidding or Negotiating Phase.

It is understood and agreed that if Engineer's Basic Services under this Agreement do not include Project observation, or review of the Contractor's performance, or any other Construction Phase services, and that such services will be provided by Client, then Client assumes all responsibility for interpretation of the Contract Documents and for construction observation or review and waives any claims against the Engineer that may be in any way connected thereto.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO AUTHORIZE GIRL SCOUT TROOP NO. 6423 TO ASSIST IN DEMOLITION OF EXISTING BUILDING AND NEW CONSTRUCTION OF CONCESSION STAND AT SNYDER PARK

Motion was made by Council Member Bumpers, seconded by Council Member Watkins to authorize Girl Scout Troop No. 6423 to assist in demolition of existing building and new construction of concession stand at Snyder Park.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO TRANSFER OWNERSHIP OF PROPERTY AT EAST CANAL PARK FOR LAND OF EQUAL APPRAISAL VALUE AT INDUSTRIAL PARK

Motion was made by Council Member Watkins, seconded by Council Member Lane to approve transferring of ownership of property at East Canal St Park for land of equal appraisal value at Industrial Park in wetlands and authorize City Attorney to prepare related paperwork for Mayor's signature.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

HOLD PUBLIC HEARING AND DELARE PROPERTIES PUBLIC NUSIANCE

Motion was made by Council Member Watkins, seconded by Council Member Lane to hold a public hearing and declare the following properties Public Nuisances.

1. 410 N Curran Ave.
2. South Blanks parcel 617-614-004-02-012-00

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE CITY-WIDE GREAT AMERICAN CLEAN-UP

Motion was made by Council Member Breland, seconded by Council Member Watkins to approve request to conduct City-Wide Great American Clean-up on March 13, 2010.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

AUTHORIZE MAYOR, CITY CLERK & CITY ATTORNEY TO SIGN AGREEMENT TO UPDATE STATEWIDE MUTUAL AID COMPACT

Motion was made by Council Member Breland, seconded by Council Member Lane to approve request to authorize update to Statewide Mutual Aid Compact (SMAC) agreement and authorize Mayor, City Clerk and City Attorney to sign the same.

State of Mississippi

SMAAC

Statewide Mutual Aid Compact



A System for Utilizing All Available Resources During
Emergencies

The State of Mississippi

STATEWIDE MUTUAL AID COMPACT

(SMAC)

Revised December 2009

THIS AGREEMENT IS ENTERED INTO BETWEEN THE STATE OF MISSISSIPPI, MISSISSIPPI EMERGENCY MANAGEMENT AGENCY, AND BY AND AMONG EACH COUNTY AND MUNICIPALITY THAT EXECUTES AND ADOPTS THE TERMS AND CONDITIONS CONTAINED HEREIN, BASED ON THE FOLLOWING FACTS:

WHEREAS, the State of Mississippi is geographically vulnerable to hurricanes, tornadoes, freshwater flooding, and other natural disasters that in the past have caused severe disruption of essential human services and severe property damage to public roads, utilities, buildings, parks, and other government owned facilities; and

WHEREAS, Section 33-15-19(a) Mississippi Code of 1972, as amended, authorizes the state and its political subdivisions to develop and enter into mutual aid agreements for reciprocal emergency aid and assistance in case of emergencies too extensive to be dealt with unassisted; and

WHEREAS, Section 33-15-1 et seq. of the Mississippi Code of 1972, as amended, the Mississippi Emergency Act of 1995 (the Act) sets forth details concerning powers, duties, rights, privileges, and immunities of political subdivisions of the state rendering outside aid; and

WHEREAS, the Act authorizes the State to enter into a contract on behalf of the state for the lease or loan to any political subdivision of the state any real or personal property of the state government or the temporary transfer or employment of personnel of the state government to or by any political subdivision of the state; and

WHEREAS, Section 33-15-17 of the Act authorizes the governing body of each political subdivision of the state to enter into such contract or lease within the state, accept any such loan, or employ such personnel, and such political subdivision may equip, maintain, utilize, and operate any such property and employ necessary personnel therefor in accordance with the purposes for which such contract is executed, and to otherwise do all things and perform any and all acts which it may deem necessary to effectuate the purpose for which contract was entered into; and

WHEREAS, the Act requires that each municipality must coordinate requests for state or federal emergency response assistance with its county; and

WHEREAS, the Parties to this Agreement recognize that additional manpower and equipment may be needed to mitigate further damage and restore vital services to the citizens of the affected community should such disasters occur; and

WHEREAS, to provide the most effective mutual aid possible, each Participating Government, intends to foster communications between the personnel of the other Participating Governments by visits,

compilation of asset inventories (shown as Exhibit B), exchange of information and development of plans and procedures to implement this Agreement;

NOW, THEREFORE, the Parties agree to agree as follows:

SECTION 1. DEFINITIONS

A. "AGREEMENT" means the Statewide Mutual Aid Agreement/Compact. Political subdivisions of the State of Mississippi may become a party to this Agreement by executing a copy of this Agreement and providing a copy with the original signatures and authorizing resolution(s) to the Mississippi Emergency Management Agency. Copies of the agreement with original signatures and copies of authorizing resolutions and insurance letters shall be filed and maintained at the Agency headquarters in Pearl, Mississippi.

B. "REQUESTING PARTY" means the participating government entity requesting aid in the event of an emergency. Each municipality must coordinate requests for state or federal emergency response assistance through its county.

C. "ASSISTING PARTY" means the participating government entity furnishing equipment, services and/or manpower to the requesting Party.

D. "AUTHORIZED REPRESENTATIVE" means an employee of a participating government authorized in writing by that government to request, offer or provide assistance under the terms of this Agreement. The list of authorized representatives for the participating government executing this Agreement shall be attached as Exhibit A, and shall be updated as needed by each participating government.

E. "AGENCY" means The Mississippi Emergency Management Agency.

F. "EMERGENCY" means any occurrence, or threat thereof, whether natural, or caused by man, in war or in peace, which results or may result in substantial injury or harm to the population or substantial damage to or loss of property.

G. "DISASTER" means any natural, technological, or civil emergency that causes damage of sufficient severity and magnitude to result in a proclamation of a Local emergency by a city/county, a declaration of a State of Emergency by the Governor, or a disaster declaration by the President of the United States.

H. "MAJOR DISASTER" means a disaster that will likely exceed local capabilities and require a broad range of state and federal assistance.

I. "PARTICIPATING GOVERNMENT" means the State of Mississippi and any political subdivision of the State of Mississippi which executes this mutual aid agreement and supplies a completed executed copy to the Agency.

J. "PERIOD OF ASSISTANCE" means the period of time beginning with the departure of any personnel and equipment of the Assisting Party from any point for the purpose of traveling to the Requesting Party in order to provide assistance and ending upon the return of all personnel and equipment of the Assisting Party, after providing the assistance requested, to their residence or regular place of work, whichever occurs first. The period of assistance shall not include any portion of the trip

to the Requesting Party or the return trip from the Requesting Party during which the personnel of the Assisting Party are engaged in a course of conduct not reasonably necessary for their safe arrival at or return from the Requesting Party.

K. "WORK OR WORK-RELATED PERIOD" means any period of time in which either the personnel or equipment of the Assisting Party are being used by the Requesting Party to provide assistance and for which the requesting Party will reimburse the Assisting Party. Specifically included within such period of time are rest breaks when the personnel of the Assisting Party will return to active work within a reasonable time. Specifically excluded from such period of time are breakfast, lunch, and dinner breaks.

Nothing should be derived from the above statement that excludes Assisting Party personnel from being considered "on the job" for purposes of workers compensation injuries or accidents during these periods.

SECTION 2. PROCEDURES

When a participating government either becomes affected by, or is under imminent threat of, a major disaster, it may request emergency related mutual aid assistance either by: (I) proclaiming a local emergency and transmitting a copy of that proclamation along with a completed Part I Identification of Need (Form REQ-A, Appendix A) to the Assisting Party, or to the Agency, or (ii) by orally communicating a request for mutual aid assistance to Assisting Party or to the Agency, followed as soon as practicable by **written confirmation** of said request shown as Form REQ-A in Appendix A.

Mutual aid shall not be requested by Participating Governments unless resources available within the stricken area are deemed inadequate by that participating government. Municipalities shall coordinate requests for state or federal assistance with their county Emergency Management Agencies. All requests for mutual aid shall be transmitted by the **Authorized Representative** or the **Director of the Local Emergency Management Agency**. Request for assistance may be communicated either to the Agency or directly to an Assisting Party. Requests for assistance under this Agreement shall be limited to major disasters, except where the Participating Government has no other mutual aid agreement based upon Section 33-15-19(a), Mississippi Code, in which case a participating Government may request assistance pursuant to the provisions of this agreement.

A. REQUESTS DIRECTLY TO ASSISTING PARTY: The Requesting Party may directly contact the authorized representative of the Assisting Party and shall provide them with the information in paragraph C below. All communications shall be conducted directly between the Requesting and Assisting Parties. Each party shall be responsible for keeping the Agency advised of the status of the response activities. The Agency shall not be responsible for costs associated with such direct requests for assistance unless it so elects. However, the Agency may provide, by rule, for reimbursement of eligible expenses from the Disaster Assistance Trust fund.

B. REQUESTS ROUTED THROUGH, OR ORIGINATING FROM, THE AGENCY:

The Requesting Party may directly contact the Agency, in which case it shall provide the Agency with the information in paragraph C below. The Agency may then contact other Participating Governments on behalf of the Requesting Party and coordinate the provision of mutual aid. The Agency shall not be responsible for costs associated with such indirect requests for assistance, unless the Agency so indicates in writing at the time it transmits the request to the Assisting Party. In no event shall the Agency be responsible for costs associated with assistance in the absence of appropriated funds. In all cases, the

party receiving the mutual aid shall be primarily responsible for the costs incurred by any Assisting Party providing assistance pursuant to the provisions of this Agreement.

C. REQUIRED INFORMATION: Each request for assistance shall be accompanied by the following information, to the extent known:

1. A general description of the damage sustained.
2. Identification of the emergency service function for which assistance is needed (e.g. fire, law enforcement, emergency medical, transportation, communications, public works and engineering, building inspection, planning and information assistance, mass care, resource support health and other medical services, search and rescue, etc.) and the particular type of assistance needed.
3. Identification of the public infrastructure system for which assistance is needed (i.e. sanitary sewer, potable water, streets, or storm water systems) and the type of work assistance needed.
4. The amount and type of personnel, equipment, materials, and supplies needed and a reasonable estimate of the length of time they will be needed; and include a description of working conditions and if personnel will be locally housed.
5. The need for sites, structures or buildings outside the Requesting Party's political subdivision to serve as relief centers or staging areas for incoming emergency goods and services.
6. An estimated time and a specific place for a representative of the requesting Party to meet the personnel and equipment of any Assisting party.

This information may be provided on the form shown in Appendix A as the form REQ-A, or by any other available means. The Agency may revise the format of Form REQ-A subsequent to the execution of this agreement, in which case it shall distribute copies to all participating governments.

D. ASSESSMENT OF AVAILABILITY OF RESOURCES AND ABILITY TO RENDER ASSISTANCE: When contacted by a Requesting Party or the Agency, the authorized representatives of any participating government agree to assess their government's situation to determine available personnel, equipment and other resources. All participating governments shall render assistance to the extent personnel, equipment and resources are available. Each participating government agrees to render assistance in accordance with the terms of this Agreement to the fullest extent possible. When the authorized representative determines that his Participating Government has available personnel, equipment or other resources, they shall so notify the requesting Party or the Agency, whichever communicated the request, and provide the information on Part II of the REQ-A form. The Agency shall, upon response from sufficient participating parties to meet the needs of the requesting Party, notify the authorized representative of the requesting Party and provide them with the information to the extent known on Part 2 of REQ-A form. The Assisting Party shall complete a written acknowledgment regarding the assistance to be rendered; setting forth the information transmitted in the request, and shall transmit it by the quickest practical means to the Requesting Party or the Agency, as applicable for approval. The form to serve as this written acknowledgment is shown in Appendix A as Form REQ-A.

E. WRITTEN ACKNOWLEDGEMENT: The Requesting Party/Agency shall respond to the written acknowledgment by executing Part 3 of the REQ-A form shown in Appendix A, and returning a copy the Assisting Party by the quickest practical means, maintaining a copy for its file records.

F. SUPERVISION AND CONTROL: The personnel, equipment and resources of any Assisting Party shall remain under operational control of the requesting Party for the area in which they are

serving. Direct supervision and control of said personnel, equipment and resources shall remain with the designated supervisory personnel of the Assisting Party. Representatives of the Requesting Party shall assign work tasks to the supervisory personnel of the Assisting Party. The designated supervisory personnel of the Assisting Party shall have the responsibility and authority for assigning work and establishing work schedules for the personnel of the Assisting Party, based on task or mission assignments provided by the Requesting Party and the Agency. The designated supervisory personnel of the Assisting Party shall: maintain daily personnel time records, material records and a log of equipment hours; be responsible for the operation and maintenance of the equipment and other resources furnished by the Assisting Party; and shall report work progress to the Requesting Party. This agreement shall not support any person, group or organization that self deploys.

G. FOOD; HOUSING; SELF-SUFFICIENCY: Unless specifically instructed otherwise, the Requesting Party shall have the responsibility of providing food and housing for the personnel of the Assisting Party from the time of their arrival at the designated location to the time of their departure. However, Assisting Party personnel and equipment should be, to the greatest extent possible, self-sufficient for operations in areas stricken by emergencies or disasters. The Requesting Party may specify only self-sufficient personnel and resources in its request for assistance.

H. RIGHTS AND PRIVILEGE: Whenever the employees of the Assisting Party are rendering outside aid pursuant to this Agreement, such employees shall have the powers, duties, rights, privileges, and immunities, and shall receive the compensation, incidental to their employment as authorized in 33-15-15(b)(2).

I. COMMUNICATIONS: Unless specifically instructed otherwise, the Requesting Party shall have the responsibility for coordinating communications between the personnel of the Assisting Party and the Requesting Party. Assisting Party personnel should be prepared to furnish communications equipment sufficient to maintain communications among their respective operating units.

SECTION 3. REIMBURSABLE EXPENSES

The terms and conditions governing reimbursement for any assistance provided under this Agreement shall be in accordance with the following provisions, unless otherwise agreed upon by the Requesting and Assisting Parties and specified in the written acknowledgment executed in accordance with paragraph 2.D and E of this Agreement. The Requesting Party shall be ultimately responsible for reimbursement of all eligible expenses. The Assisting Party shall submit reimbursement documentation to the Requesting Party on the forms shown in Appendix B.

A. PERSONNEL: During the period of assistance, the Assisting Party shall continue to pay its employees according to its then prevailing ordinances, rules, and regulations. The Requesting Party shall reimburse the Assisting Party for all direct and indirect payroll costs and expenses including travel expenses incurred during the period of assistance, including, but not limited to, employee pensions and benefits as provided by Generally Accepted Accounting Principles (GAAP). However, the Requesting Party shall not be responsible for reimbursing any amounts paid or due as benefits to employees of the Assisting Party under the terms of the Mississippi Workers' Compensation Act (Section 71-3-1, Mississippi Code) due to personal injury or death occurring while such employees are engaged in rendering aid under this agreement. Both the Requesting Party and the Assisting Party shall be responsible for payment of such benefits only to their own employees.

B. EQUIPMENT: The Assisting Party shall be reimbursed by the Requesting Party for the use of its equipment during the period of assistance according to either a pre-established local or state hourly rate or according to the actual replacement, operation, and maintenance expenses incurred. For those instances in which costs are reimbursed by the Federal Emergency Management Agency, the eligible direct costs shall be determined in accordance with 44 CFR 206.228. The Assisting Party shall pay for all repairs to its equipment as determined necessary by its on-site supervisor(s) to maintain such equipment in safe and operational condition. At the request of the Assisting Party, fuels, miscellaneous supplies, and minor repairs may be provided by the Requesting Party, if practical. The total equipment charges to the Requesting Party shall be reduced by the total value of the fuels, supplies, and repairs furnished by the Requesting Party and by the amount of any insurance proceeds received by the Assisting party.

C. MATERIALS AND SUPPLIES: The Assisting Party shall be reimbursed for all materials and supplies furnished by it and used or damaged during the period of assistance, except for the costs of equipment, fuel and maintenance materials, labor and supplies, which shall be included in the equipment rate established in 3.B. Above, unless such damage is caused by gross negligence, willful and wanton misconduct, intentional misuse, or recklessness of the Assisting Party's personnel. The Assisting Party's Personnel shall use reasonable care under the circumstances in the operation and control of all materials and supplies used by them during the period of assistance. The measure of reimbursement shall be determined in accordance with 44 CFR 206.228. In the alternative, the Parties may agree that the Requesting Party will replace, with like kind and quality as determined by the Assisting Party, the materials and supplies used or damaged. If such an agreement is made, it shall be reduced to writing and transmitted to the Agency.

D. RECORD KEEPING: The Assisting Party shall maintain records and submit invoices for reimbursement by the Requesting Party or the Agency using format used or required by FEMA publications, including 44 CFR part 13 and applicable Office of Management and Budget Circulars. Requesting Party and Agency finance personnel shall provide information, directions, and assistance for record keeping to Assisting Party personnel.

E. PAYMENT: Unless otherwise mutually agreed in the written acknowledgment executed in accordance with paragraph 2.I. or a subsequent written addendum to the acknowledgment, the reimbursable expenses with an itemized notice as soon as practicable after the expenses are incurred, but not later than 60 days following the period of assistance, unless the deadline for identifying damage is extended in accordance with 44 CFR part 206. The Requesting Party shall pay the bill or advise of any disputed items, not later than 60 days following the billing date. These time frames may be modified by mutual agreement. This shall not preclude an Assisting Party or Requesting Party from assuming or donating, in whole or in part, the costs associated with any loss, damage, expense or use of personnel, equipment and resources provided to a Requesting Party.

F. PAYMENT BY OR THROUGH THE AGENCY: The Mississippi Emergency Management Agency may reimburse for all actual and necessary travel and subsistence expenses for personnel providing assistance pursuant to the request of the Agency, to the extent of funds available and contingent upon an annual appropriation from the legislature for such purposes. The Assisting Party shall be responsible for making written request to the Agency for reimbursement of travel and subsistence expenses, prior to submitting a request for payment to the Requesting Party. The Assisting Party's written request should be submitted as soon as possible after expiration of the period of assistance. The Agency shall provide a written response to said requests within 10 days of actual receipt. If the Agency denies said request, the Assisting Party shall then bill the requesting party. In the

event that an affected jurisdiction requests assistance without forwarding said request through the Agency, or an assisting party provides assistance without having been requested by the Agency to do so, the Agency shall not be liable for reimbursement of any of the cost(s) of assistance. The Agency may serve as the eligible entity for requesting reimbursement of eligible costs from FEMA. Any costs to be so reimbursed by or through the Agency shall be determined in accordance with 44 CFR 206.228. The Agency may authorize applications for reimbursement of eligible costs from the Disaster Assistance Trust Fund, established pursuant to Section 33-15-301 Mississippi Code, in the event that the disaster or emergency event is not declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended by Public Law 100-707. Such applications shall be evaluated pursuant to rules established by the Agency, and may be funded only to the extent of available funds.

SECTION 4. IMMUNITY

To the extent permitted by law, the Parties shall not be liable for actions to the extent provided by Section 33-15-21(a). This immunity may be waived by the Parties in a manner provided by law to the extent that adequate insurance coverage is in effect.

SECTION 5. LENGTH OF TIME FOR EMERGENCY

The duration of such Local emergency declared by the Requesting Party is limited to 30 days. It may be extended with review, if necessary, in 30 day increments as specified in 33-15-17(d).

SECTION 6. TERM

This Agreement shall be in effect for one (1) year from the date hereof and shall automatically be renewed in successive one (1) year terms unless terminated upon 60 days advance written notice by the participating government. Notice of such termination shall be made in writing and shall be served personally or by registered mail upon the Director, Mississippi Emergency Management Agency, Pearl, Mississippi, which shall provide copies to all other Participating Parties. Notice of termination shall not relieve the withdrawing Party from obligations incurred hereunder prior to the effective date of the withdrawal and shall not be effective until 60 days after notice thereof has been set by the Director, Mississippi Emergency Management Agency to all other Participating Governments.

SECTION 7. EFFECTIVE DATE OF THIS AGREEMENT

This Agreement shall be in full force and effect upon approval by the participating government and upon proper execution hereof.

SECTION 8. ROLE OF MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

The responsibilities of the Mississippi Emergency Management Agency under this Agreement are to: (1) request mutual aid on behalf of a participating government, under the circumstances identified in this Agreement; (2) coordinate the provision of mutual aid to a Requesting Party, pursuant to the provisions of this Agreement; (3) serve as the eligible entity for requesting reimbursement of eligible costs from FEMA, upon a Presidential disaster declaration; (4) serve as central depository for executed Agreements; and (5) maintain a current listing of participating Governments with their Authorized Representative and contact information, and to provide a copy of the listing to each of the Participating

Governments on an annual basis during the second quarter of the calendar year. MEMA will assume no responsibility for any person, group or organization that self deploys.

SECTION 9. SEVERABILITY; EFFECT ON OTHER AGREEMENTS

Should any portion, section, or subsection of this Agreement be held to be invalid by a court of competent jurisdiction, that fact shall not affect or invalidate any other portion, section or subsection; and the remaining portions of this Agreement shall remain in full force and affect without regard to the section, portion, or subsection or power invalidated.

In the event that any parties to this agreement have entered into other mutual aid agreement, pursuant to Section 33-15-19(a), Mississippi Code, or interlocal agreements pursuant to Section 17-13-1, Mississippi Code, those parties agree that said agreements are superseded by this agreement only for emergency management assistance and activities performed in catastrophic emergencies pursuant to this agreement. In the event that two or more parties to this agreement and the parties wish to engage in mutual aid, then the terms and conditions of this agreement shall apply unless otherwise agreed between those parties.

IN WITNESS WHEREOF, the parties named herein have dully executed this Agreement/Compact on the date set forth below:

ATTEST:
CLERK OF THE BOARD

BOARD OF SUPERVISORS

OF _____ **MISSISSIPPI**
(county)

By: _____

By: _____
President

APPROVED AS TO FORM:
County Attorney

Date: _____

By: _____

ATTEST:
CITY CLERK

CITY/TOWN OF _____
MISSISSIPPI

By: _____

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

City Attorney

By: _____

**STATE OF MISSISSIPPI
MISSISSIPPI EMERGENCY MANAGEMENT AGENCY**

By: _____

Director

Date: _____

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE T-HANGAR LEASE AGREEMENT BY AND BETWEEN CITY OF PICAYUNE AND FRANK FORD/JONATHAN WHITFIELD

Motion was made by Council Member Watkins, seconded by Council Member Lane to approve T-Hangar Lease Agreement by and between City of Picayune and Frank Ford/Jonathan Whitfield.

STATE OF MISSISSIPPI
COUNTY OF PEARL RIVER

T-HANGAR LEASE AGREEMENT

This T-Hangar Lease Agreement made and entered into this, the 16th day of February 2010 by and between the City of Picayune, hereinafter referred to as "Lessor" and JONATHAN WHITFIELD & FRANK FORD hereinafter referred to as the "Lessee",

WITNESSETH:

For and in consideration of the rents, covenants and agreements hereinafter-contained Lessor does hereby rent and lease unto Lessee the following:

1. **PREMISES**

Lessor does hereby lease and let to Lessee T-Hangar No. K-5 located at the Picayune Municipal Airport, Picayune, Mississippi, together with reasonably necessary rights of access across Lessor's adjoining areas. Lessee has inspected the T-Hangar and accepts the T-Hangar in its present condition.

2. **TERMS**

The term of this Agreement shall be yearly, with the term to begin on the 16TH day of February 2010, and continue thereafter yearly until either party gives notice of termination or default by Lessee. Either party may terminate this Agreement by giving thirty (30) days written notice to the other party of its intent to terminate this Agreement, regardless of breach or compliance of either party.

3. **RENT**

Lessee shall pay, as rent for the use of the described Hangar, the amount of \$250.00 per month in advance on the first day of each month plus a \$250.00 hangar deposit fee is due at the inception of this contract. Said rent shall be

payable by mail to the Picayune Municipal Airport, 815 North Beech Street, Picayune, Mississippi 39466, or by personal delivery to the Picayune Municipal Airport office at 148 Runway Road, Picayune, Mississippi. Lessor may change the rent from time-to-time by giving the Lessee a thirty-days written notice.

4. **REPAIRS AND MAINTENANCE**

Lessor shall be responsible for timely repairs, replacements and maintenance of the building structure, foundation, exterior walls, and roof. Lessee shall be responsible and liable for any damage to the hangar caused by Lessee's use of the hangar, including but not limited to, bent or broken interior walls, damage to floors due to fuel and oil spillage, door damage due to the Lessee's improper or negligent operation. Lessee shall make no alterations, modifications or additions to the hangar without the prior written permission of Lessor.

5. **USE OF PREMISES**

The hangar whereby leased shall be used only for the storage of aircraft owned or leased by Lessee. No maintenance of the stored aircraft shall be conducted in the Hangar except such minor maintenance as would normally be performed by an aircraft owner without the benefit of an aircraft mechanic. Lessee further agrees that no commercial aviation activities shall be conducted at the Picayune Municipal Airport without the express written permission of the Lessor. Commercial Aviation activities include, but are not limited to aircraft rental, charter, aircraft leasing, flight instruction, aerial survey and aerial photography, etc. The storage of fuel or other flammable materials in the Hangar is strictly prohibited. The Lessee shall not engage in any illegal activity and shall abide by all Federal, State, and FAA regulations and the City of Picayune Airport

Minimum Standards and Rules and Regulations.

6. **INDEMNIFICATION**

Lessee shall keep, protect and save harmless, Lessor from any loss, cost, claim, judgment or expense of any sort or nature, and from any liability to any person, on account of any injury, damage or death to any person, or property arising out of any use of the leased premises by Lessee, its agents, or any other party or person acting under the direction or control of Lessee.

7. **INSPECTION**

The Lessor may enter the leased Hangar at reasonable times to inspect the premises.

8. **SECURITY**

Lessee agrees to abide by and cooperate with Lessor in the enforcement and implementation of all airport security regulations. Security of the Hangar shall be the responsibility of Lessee. Lessee agrees to provide Lessor with a key to any lock or locking device used to secure the Hangar. Lessor agrees that the key will be used only in case of emergency or for inspection of the premises.

9. **UTILITIES**

Lessor shall pay electrical utility. Lessee shall use light fixtures for its intended purpose only and shall not alter the existing electrical facilities. Lessee shall not operate any air conditioners, refrigerators, large heaters, or other similar appliances. Outlets, when available, may be used only for operation of droplights, small hand tools, etc. No permitted electrical appliances or other electrical devices shall be connected into the outlet when the Lessee is not present. Lessee will provide basic water and sewer services to the hangar.

10. **HAZARDOUS SUBSTANCES**

Lessee shall not cause or permit any hazardous substances to be brought upon, kept or used in, on or about the hangar by Lessee, its agents or invitees, and Lessee, by execution of this Lease, covenants, warrants and represents to Lessor that it will keep the lease premises free from any and all unlawful contamination with hazardous substances and that it will hold Lessor harmless from any loss or damage with respect thereto and that Lessee will be solely responsible for any and all costs and expenses incurred for remediation in the event the same is required. Violation of this provision shall mean immediate termination of this Lease, which said termination, shall not relieve the Lessee from its liability hereunder.

11. **SUBLEASE/ASSIGNMENT**

Lessee shall not have the right to sublet the T-Hangar leased under this agreement, nor shall the Lessee have the right to assign this Lease without the express written consent of the Lessor. Storage of aircraft not belonging to or leased by the Lessee shall be construed as a sublease, and unless approved by the Lessor, shall be grounds for termination of this Lease.

12. **DEFAULT**

In the event Lessee shall default in the payment of any installment of rent or other sum herein specified and such default shall continue for ten (10) days after written notice thereof, or if Lessee shall default in the observance or performance of any other of the Lessee's covenants, agreements, or obligations hereunder and such default shall not be corrected within thirty (30) days after written notice thereof, then the Lessor shall have the right to take complete possession of the leased premises, to declare the term of this Lease ended, and

remove any of the Lessee's personal effects, without prejudice to any remedies which might be otherwise used for arrears of rent or other default.

13. FORCE MAJEURE

In the event of a natural disaster or other unforeseen event including, but not limited to, flooding, major wind or storm damage or fire, Lessor may, at its option and with or without notice, terminate this Lease.

14. INSURANCE

Lessee agrees to be responsible for maintaining liability insurance in an amount not less than \$100,000.00 during the term of this Lease. Lessee shall deliver to Lessor an annual certificate demonstrating that insurance is paid and copies of the insurance policy issued by the insurance company. Lessor will be named an insured and loss payee under the policy.

Lessee is solely responsible for maintaining insurance coverage on the contents of the T-Hangar.

15. SURRENDER OF PREMISES

Upon expiration of this Agreement for any reason, Lessee shall peacefully surrender and deliver possession of the leased premises to Lessor in as good condition and repair as at the inception of this Agreement, normal wear and tear accepted.

16. NOTICES

Should any notices be required to be given to the respective parties, the notice shall be given in writing by registered or certified mail at the following addresses or at such other addresses as may be substituted by subsequent notices to-wit:

As to Lessor: City Manager
815 North Beech Street
Picayune, MS 39466

At to Lessee: Jonathan Whitfield
Frank Ford
515 Boley Ave
Picayune, MS 39466

WITNESS the signatures of the parties hereto, this the _____ day of February, 2010.

LESSOR: CITY OF PICAYUNE

BY: _____
Ed Pinero, Mayor

ATTEST:

City Clerk

LESSEE: _____

WITNESS:

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

ORDER TO ENTER CLOSED SESSION TO DETERMINE THE NEED FOR AN EXECUTIVE SESSION

Motion was made by Council Member Breland, seconded by Council Member Watkins to enter closed session to determine the need for an executive session.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

RETURN TO REGULAR SESSION

Motion was made by Council Member Breland, seconded by Council Member Bumpers to return to regular session.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

ORDER TO RE-ENTER EXECUTIVE SESSION

Motion was made by Council Member Breland, seconded by Council Member Watkins to enter executive session to discuss the following:

Personnel Matter
Possible litigation-2006 Property Tax Sale
Compromise of disputed claim

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

RETURN TO REGULAR SESSION

Motion was made by Council Member Breland, seconded by Council Member Bumpers to return to regular session.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO SETTLE TAXES DUE TO TAX SALE PURCHASERS FOR 2006 AD VALOREM COUNTY TAXES DUE ON ARIZONA CHEMICAL PROPERTY

Motion was made by Council Member Watkins, seconded by Council Member Lane to authorize City Attorney to settle amount due to tax sale purchasers for 2006 ad valorem county taxes due on Arizona Chemical Property in exchange for a quitclaim deed.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO COMPROMISE A DISPUTED CLAIM

Motion was made by Council Member Watkins, seconded by Council Member Bumpers to adjust utility account # 06273 in the name of WRJW by allowing the minimum charges for December and January because of a water line that was broken when the new meter was installed in November.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO ADJOURN

Motion was made by Council Member Breland seconded by Council Member Bumpers to adjourn until Tuesday, March 2, 2010 at 5:00 pm.

The following roll call was made:

VOTING YEA: Mayor Ed Pinero, Council Members Watkins, Bumpers, Lane, Breland and Gouguet

VOTING NAY: None

ABSENT AND NOT VOTING: None

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

Ed Pinero, Mayor

ATTEST:

Priscilla Daniel, City Clerk