

**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 19, 2013, 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 Manager Jim Luke and City Clerk Amber Hinton.

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

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

MOTION TO APPROVE MINUTES OF THE CITY OF PICAYUNE

Motion was made by Council Member Watkins, seconded by Council Member Lane to approve the Minutes of the City of Picayune dated February 5, 2013.

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 ACKNOWLEDGE RECEIPT OF MONTHLY PRIVILEGE LICENSE REPORT FOR JANUARY 2013

Motion was made by Council Member Watkins, seconded by Council Member Lane to acknowledge receipt of monthly privilege license report for January 2013.

Receipts	Date	Deposit To	Drawer	Type	Reference	Lookup	Citation	Name	Description	Received	Deposit Date	We b
Dep 327272	1/02/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0002887	16137		STONEWALL'S BBQ	2012-2013 PRIV LICENSE	20.00	1/04/2013	
Dep 327295	1/02/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0003689	29189		ICE HOUSE/D ALLEN GOFF,	2012-2013 PRIV LICENSE	20.00	1/04/2013	
Dep 327343	1/02/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0001630	14876		BEAUTY SHOPPE, THE	2012-2013 PRIV LICENSE	22.60	1/04/2013	
Dep 327380	1/02/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Cash		29192		SHELL NICHOLSON INC	2012-2013 PRIV LICENSE	40.00	1/04/2013	
Dep 327559	1/03/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	1889949	29197		TRACTOR SUPPLY COMPANY # 1684	2012-2013 PRIV LICENSE	1,840.00	1/04/2013	
Dep 327616	1/03/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	4920888	00056		CHARTER RENAISSANCE MEDIA	2012-2013 PRIV LICENSE	42.00	1/04/2013	
Dep 327820	1/04/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0054576	29201		LMCHH PCP, LLC	2012-2013 PRIV LICENSE	30.00	1/09/2013	
Dep 328172	1/07/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0003731	19788		WOW CAFE & WINGERY	2012-2013 PRIV LICENSE	55.00	1/09/2013	
Dep 328278	1/08/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0001183	29208		LIGHTHOUSE THRIFT STORE (2)	2012-2013 PRIV LICENSE	20.00	1/09/2013	
Dep 328322	1/08/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0002753	27728		GOUGUET, MARILYN	2012-2013 PRIV LICENSE	22.60	1/09/2013	
Dep 328497	1/08/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0001871	18813		VALENTE, TAMMY LYNN	2012-2013 PRIV LICENSE	20.00	1/09/2013	
Dep 328670	1/09/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Cash		29223		SHAY'S	2012-2013 PRIV LICENSE	20.00	1/09/2013	
Dep 328997	1/10/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0001026	19188		PICARELLA, APRIL	2012-2013 PRIV LICENSE	22.40	1/14/2013	
Dep 329717	1/11/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0003709	16545		PICAYUNE TAEKWONDO	2012-2013 PRIV LICENSE	23.00	1/14/2013	
Dep 329766	1/11/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0003429	11624		HANBERRY, REGGIE	2012-2013 PRIV LICENSE	22.40	1/14/2013	
Dep 330151	1/14/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0289870	27760		1ST LAKE PROPERTIES INC	2012-2013 PRIV LICENSE	22.60	1/17/2013	
Dep 330381	1/15/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0011287	27385		INNOVATIVE STONE WORKS, LLC	2012-2013 PRIV LICENSE	22.60	1/17/2013	
Dep 330858	1/16/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Cash		28314		MAGIC CUTS LAWN CARE	2012-2013 PRIV LICENSE	22.60	1/17/2013	
Dep 332044	1/23/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Cash		29304		PARKER CONTRACTING	2012-2013 PRIV LICENSE	20.00	1/25/2013	
Dep 332047	1/23/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Cash		29303		PARKER HOME & RENOVATION	2012-2013 PRIV LICENSE	20.00	1/25/2013	
Dep 332250	1/24/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0001157	27806		DALINDA'S HAIR SALON	2012-2013 PRIVILEGE LICENSE	22.60	1/25/2013	
Dep 332259	1/24/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Cash		03348		GTM BLDG SUPPLY	2012-2013 PRIV LICENSE	84.75	1/25/2013	
Dep 332333	1/24/2013	GENERAL FUND -Mail - is OPERATING	GENERAL FUND -Mail - is OPERATING	Check	0001159	11063		GILL, DALINDA	2012-2013 PRIV LICENSE	22.60	1/25/2013	
										2,457.75		

8

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 ACKNOWLEDGE RECEIPT OF MONTHLY PUBLIC RECORDS REQUEST REPORT FOR JANUARY 2013

Motion was made by Council Member Watkins, seconded by Council Member Lane to acknowledge receipt of the monthly public records request report for January 2013.

CITY OF PICAYUNE REPORT OF PUBLIC RECORDS REQUESTS JANUARY 2013				
DATE	PERSON REQUESTING	SUBJECT MATTER	DATE FILLED/ DENIED	ACTION
01/31/13	PICAYUNE HOUSING AUTHORITY	# 5 FINGERPRINTS	01/31/12	APPROVED
01/31/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-1390	01/31/03	APPROVED
01/31/13	TED RABITO	ACCIDENT REPORT # 2013-01-2016	01/31/13	APPROVED
01/31/13	HANCOCK COUNTY YOUTH COURT	RECORD'S CHECK	01/31/13	APPROVED
01/31/13	DAVID THORNE	ACCIDENT REPORT # 2012-07-1047	01/31/13	APPROVED
01/31/13	JOSHUA SPARKS	RECORD'S CHECK	01/31/13	APPROVED
01/31/13	LUVENIA CALDWELL	RECORD'S CHECK	01/31/13	APPROVED
01/31/13	CAITLIN PERROT	RECORD'S CHECK	01/31/13	APPROVED
01/31/13	PEARL RIVER COUNTY YOUTH COURT	JUVENILE REPORT 2013-01-1808	01/31/13	APPROVED
01/31/13	UNITED STATES DISTRICT COURT	#2 RECORD'S CHECK	01/31/13	APPROVED
01/30/13	MARCIA JARRELL	FALSE PRETENSE REPORT 2013-01-2451	01/30/13	APPROVED
01/30/13	YVONNE CROOK	FALSE PRETENSE REPORT 2013-01-2451	01/30/13	APPROVED
01/30/13	CONTINA PITTMAN	FALSE PRETENSE REPORT 2013-01-2470	01/30/13	APPROVED
01/29/13	VERNON DAVIS	RECORD'S CHECK	01/29/13	APPROVED
01/29/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-1402	01/29/13	APPROVED
01/29/13	LEXIS NEXIS	COPY OF CAD NOTES 2012-11-0066	01/29/13	APPROVED
01/29/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-1132	01/29/13	APPROVED
01/29/13	METROPOLITAN REPORTING BUREAU	ACCIDENT REPORT # 2012-11-2101	01/29/13	APPROVED
01/28/13	DAVID GREEN	ACCIDENT REPORT # 2013-01-1132	01/28/13	APPROVED
01/28/13	KAY WELLS	ACCIDENT REPORT # 2012-12-2157	01/28/13	APPROVED
01/28/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-1514	01/28/13	APPROVED
01/28/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-1284	01/28/13	APPROVED
01/28/13	METROPOLITAN REPORTING BUREAU	ACCIDENT REPORT # 2013-01-0944	01/28/13	APPROVED
01/28/13	PROGRESSIVE INSURANCE COMPANY	ACCIDENT REPORT # 2013-01-1237	01/28/13	APPROVED
01/28/13	UNITED STATES DISTRICT COURT	RECORD'S CHECK	01/28/13	APPROVED
01/28/13	PEARL RIVER COUNTY YOUTH COURT	COPIES OF REPORTS 12-08-0595 & 2013-01-0595	01/28/13	APPROVED
01/25/13	SAFeway INSURANCE	ACCIDENT REPORT # 2013-01-1911	01/25/13	APPROVED
01/25/13	SOPHIE JONES	RECORD'S CHECK	01/25/13	APPROVED
01/25/13	SHIRLEY POLION	ACCIDENT REPORT # 2013-01-0663	01/25/13	APPROVED
01/25/13	LOUIS BURTON	COPY OF GRAND LARCEY (AUTO) REPORT # 2013-01-1915	01/25/13	APPROVED
01/24/13	PAAKIKI VICTOR	ACCIDENT REPORT # 2013-01-1402	01/24/13	APPROVED
01/23/13	SAMANTHA HANCOCK	ACCIDENT REPORT # 2013-01-0600	01/23/13	APPROVED
01/23/13	SAFeway INSURANCE	COPY OF CAD NOTES 2013-01-1825	01/23/13	APPROVED
01/23/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-1018	01/23/13	APPROVED
01/23/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-04-0137	01/23/13	APPROVED
01/23/13	LEXIS NEXIS	BURGLARY REPORT # 2013-01-1469	01/23/13	APPROVED
01/23/13	REBECCA GARRETSON	ACCIDENT REPORT # 2013-01-1237	01/23/13	APPROVED
01/23/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-1332	01/23/13	APPROVED
01/23/13	SULLIVAN PAPAIN BLOCK MCGRATH & CANNAVO	DUI REPORT # 2011-07-0865	01/23/13	APPROVED
01/23/13	MS FARM BUREAU INSURANCE COMPANY	COPY OF CAD NOTES 2013-01-1037	01/23/13	APPROVED
01/22/13	MARY PREWETT	ACCIDENT REPORT # 2013-01-1018	01/22/13	APPROVED
01/22/13	CITY OF PICAYUNE	RECORD'S CHECK ON RAYMOND ELDON FRIERSON	01/22/13	APPROVED
01/22/13	RHONDA BURGE	ACCIDENT REPORT # 2013-01-1237	01/22/13	APPROVED
01/22/13	KATHRYN BENSON	COPY OF FALSE PRENTESE REPORT # 2013-01-1236	01/22/13	APPROVED
01/22/13	UNITED STATES DISTRICT COURT	RECORD'S CHECK	01/22/13	APPROVED
01/22/13	CHRISTINA SCIAMBRA	ACCIDENT REPORT # 2013-01-1303	01/22/13	APPROVED
01/22/13	JANICE HARRIS	COPY OF CAD NOTES ACCIDENT # 2013-01-1843	01/22/13	APPROVED

REGULAR MEETING FEBRUARY 19, 2013

01/22/13	F.B.I. NICS	COPY OF D.U.I REPORT # 2012-02-0983	01/22/13	APPROVED
01/22/13	HANCOCK COUNTY YOUTH COURT	#6 RECORD'S CHECKS	01/22/13	APPROVED
01/22/13	UNITED STATES DISTRICT COURT	#2 RECORD'S CHECK	01/22/13	APPROVED
01/15/13	TAMMY MILLER	CRASH REPORT # 2013-01-0601	01/15/13	APPROVED
01/10/13	MICHAEL VEERKEMP FOR ASHLEY VEERKAMP	ACCIDENT REPORT # 2012-12-2054	01/10/13	APPROVED
01/17/13	CASEY (MDOC)	INCIDENT REPORT # 2012-11-0952	01/17/13	APPROVED
01/18/13	JOYCE POPE	CRASH REPROT # 2013-01-1237	01/18/13	APPROVED
01/22/13	KAREN LUKE	INCIDENT REPORT # 20123-01-1558	01/22/13	APPROVED
01/22/13	MISSISSIPPI DEPARTMENT OF CORRECTIONS	COPY OF INCIDENT REPORT	01/22/13	APPROVED
01/18/13	GEORGE & GRETZEN PROCELL	#2 RECORD'S CHECKS FOR DHS	01/18/13	APPROVED
01/17/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-12-2559	01/17/13	APPROVED
01/17/13	LEXIS NEXIS	ACCIDENT REPORT # 2013-01-0601	01/17/13	APPROVED
01/17/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-12-1624	01/17/13	APPROVED
01/16/13	KATHY SELLSTROM	CRASH REPORT # 2012-12-2097	01/16/13	APPROVED
01/16/13	MORRIS BART, LTD	ACCIDENT REPORT # 2013-01-0601	01/16/13	APPROVED
01/16/13	F.B.I. NICS	COPY OF INCIDENT REPORT	01/16/13	APPROVED
01/16/13	UNITED STATES DISTRICT COURT	# 4 RECORD'S CHECK	01/16/13	APPROVED
01/16/13	PRC SHERIFF'S DEPARTMENT	# 4 RECORD'S CHECK	01/16/13	APPROVED
01/16/13	ERICA MONAI MCKEE	RECORD'S CHECK	01/16/13	APPROVED
01/16/13	STATE OF MS DEPT OF CORRECTIONS	DISPOSITIONS	01/16/13	APPROVED
01/15/13	DALLAS POLICE DEPARTMENT	RECORD'S CHECK ON STEPHANIE SHEETS	01/15/13	APPROVED
01/14/13	COVINGTON RECRUITING CENTER	RECORD'S CHECK	01/14/13	APPROVED
01/14/13	BONNIE ANDERSON	ACCIDENT REPORT # 2013-01-0944	01/14/13	APPROVED
01/14/13	CAROL MEYERS	RECORD'S CHECK	01/14/13	APPROVED
01/11/13	STEPHANIE THOMAS	RECORD'S CHECK	01/11/13	APPROVED
01/11/13	DONALD LADNER	ACCIDENT REPORT # 2013-01-0601	01/11/13	APPROVED
01/10/13	KELLIE BURGE	RECORD'S CHECK	01/10/13	APPROVED
01/10/13	STEPHANIE NICHOLE WASHINGTON	RECORD'S CHECK	01/10/13	APPROVED
01/09/13	PATRICIA MIRAMON	ACCIDENT REPORT # 2012-12-2559	01/09/13	APPROVED
01/09/13	SACHA NUTTER	ACCIDENT REPORT # 2012-12-2559	01/09/13	APPROVED
01/08/13	JENNIFER HOWE	ACCIDENT REPORT # 2012-12-1624	01/08/13	APPROVED
01/09/13	HELEN JARVIS	ACCIDENT REPORT # 2013-01-0663	01/09/13	APPROVED
01/08/13	REGGIE (MDOC)	INCIDENT REPORT # 2012-06-1561	01/08/13	APPROVED
01/08/13	UNITED STATES DISTRICT COURT	RECORD'S CHECK	01/08/13	APPROVED
01/08/13	MDOT	RECORD'S CHECK ON ADAM RAY SPIERS	01/08/13	APPROVED
01/08/13	HANCOCK COUNTY YOUTH COURT	#2 RECORD'S CHECK	01/08/13	APPROVED
01/08/13	F.B.I. NICS	COPY OF D.U.I. REPORT # 2012-04-0490	01/08/13	APPROVED
01/08/13	DEPT OF PUBLIC SAFETY AND CORRECTIONS	RECORD'S CHECK ON JEFFERY COURVILLE	01/08/13	APPROVED
01/08/13	WYKEYA MCDONALD	RECORD'S CHECK	01/08/13	APPROVED
01/08/13	RUBY SMITH	RECORD'S CHECK	01/08/13	APPROVED
01/08/13	SHERRIE JONES	RECORD'S CHECK	01/08/13	APPROVED
01/08/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-12-1171 (CAD NOTES)	01/08/13	APPROVED
01/07/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-12-1262	01/07/13	APPROVED
01/07/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-12-2364	01/07/13	APPROVED
01/07/13	LEXIS NEXIS	COPY OF MALICIOUS MISCHIEF REPORT # 2012-12-1580	01/07/13	APPROVED
01/07/13	SAFeway INSURANCE COMPANY	ACCIDENT REPORT # 2012-12-1769	01/07/13	APPROVED
01/07/13	LEXIS NEXIS	COPY OF ACCIDENT (CAD NOTES) # 2012-12-1540	01/07/13	APPROVED
01/07/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-08-1432	01/07/13	APPROVED
01/07/13	LEXIS NEXIS	ACCIDENT REPORT # 2012-12-0402	01/07/13	APPROVED
01/07/13	HENRY ROSS III	ACCIDENT REPORT # 2012-11-2101	01/07/13	APPROVED
01/07/13	METROPOLITAN REPORTING BUREAU	ACCIDENT REPORT # 2012-12-0488	01/07/13	APPROVED
01/07/13	JAMES COATES	RECORD'S CHECK	01/04/13	APPROVED
01/04/13	CLAYFORD ALAN LUMPKIN	RECORD'S CHECK	01/04/13	APPROVED
01/03/13	CARRIE SPENCER	ACCIDENT REPORT # 2012-10-1320	01/03/13	APPROVED
01/02/13	TIMOTHY KELLAR FOR ELIZABETH KELLAR	ACCIDENT REPORT # 2012-10-0795	01/02/13	APPROVED

REGULAR MEETING FEBRUARY 19, 2013

01/02/13	DHS	COPY OF JEVENILE REPORT # 2012-12-2510	01/02/13	APPROVED
01/02/13	JOHN GUY	ACCIDENT REPORT # 2012-12-2157	01/02/13	APPROVED
01/02/13	F.B.I. NICS	INCIDENT REPORT # 2000-11-1791	01/02/13	APPROVED
01/02/13	HANCOCK COUNTY YOUTH COURT	#2 RECORD'S CHECK	01/02/13	APPROVED
01/02/13	UNITED STATES DISTRICT COURT	#3 RECORD'S CHECK	01/002/13	APPROVED
01/02/13	AARON KNIGHT	ACCIDENT REPORT # 2012-12-2364	01/02/13	APPROVED
01/02/13	JOY MAGEE	RECORD'S CHECK	01/02/13	APPROVED

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 ACCEPT MONTHLY BUDGET REPORT

Motion was made by Council Member Watkins, seconded by Council Member Lane to accept the monthly budget report for the month of January 2013.

**AF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:31 AM

Page: 1

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Revenues						
351-000-341.01-000-000 RENT T-HANGARS	60,600	10,840	47,340	17,840	29,500	78
351-000-341.02-000-000 GROUND LEASES	13,050	450	7,350	4,350	3,000	56
351-000-374.00-000-000 FUEL SALES	6,000	254	2,494	2,000	494	42
Total Revenues	79,650	11,544	57,184	24,190	32,994	72
Expenditures						
Airport Expenses						
PERSONNEL	57,008	3,956	15,824	19,003	3,179	28
SUPPLIES	500	3	91	166	75	18
OUTSIDE SERVICES	53,140	9,638	14,273	38,381	24,108	27
Total Airport Expenses	110,648	13,597	30,188	57,550	27,362	27
Total Expenditures	110,648	13,597	30,188	57,550	27,362	27
Excess Revenue Over (Under) Expenditures	(30,998)	(2,053)	26,996	(33,360)	5,632	87

14

**CF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:32 AM

Page: 1

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Revenues						
406-000-211.00-000-000 RECORDING FEES	300	24	132	100	32	44
406-000-340.00-000-000 INTEREST INCOME	300	0	61	100	(39)	20
406-000-380.01-000-000 TRANSFER FROM GENERAL FUND	14,000	1,167	7,042	4,667	2,375	50
406-000-392.00-000-000 SALE OF LOTS	20,000	600	4,257	6,667	(2,410)	21
Total Revenues	34,600	1,791	11,492	11,534	(42)	33
Expenditures						
Cemetery Expenses						
PERSONNEL	17,669	4,254	18,432	5,889	(12,543)	104
SUPPLIES	7,960	408	2,185	2,659	474	27
OUTSIDE SERVICES	3,269	97	405	1,089	684	12
CAPITAL OUTLAY	5,205	0	3,455	(132)	(3,587)	66
Total Cemetery Expenses	34,123	4,759	24,477	9,505	(14,972)	72
Total Expenditures	34,123	4,759	24,477	9,505	(14,972)	72
Excess Revenue Over (Under) Expenditures	477	(2,968)	(12,985)	2,029	14,930	(2,722)

15

**ED Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:32 AM

Page: 1

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Revenues						
110-043-340.00-000-000 INTEREST INCOME	75	0	67	25	42	90
110-043-340.01-000-000 INTEREST INCOME - FARMER FRESH	0	1,468	5,898	0	5,898	0
110-043-341.00-000-000 RENT	67,737	0	0	22,579	(22,579)	0
110-402-260.00-000-000 SALES TAX-TOURISM	467,505	33,826	142,359	155,835	(13,476)	30
110-402-314.00-000-000 PARK BLDG RENTAL FEES	2,500	175	475	833	(358)	19
110-402-314.06-000-000 PARK TOURNAMENT FEES	1,000	300	325	333	(8)	33
110-402-314.07-000-000 PARK CONCESSION REVENUE	100	0	0	33	(33)	0
110-402-340.00-000-000 INTEREST INCOME-TOURISM	400	0	145	133	12	36
Total Revenues	539,317	35,769	149,269	179,771	(30,502)	28
Expenditures						
Sale of Lots Expenses						
OUTSIDE SERVICES	5,000	0	88	1,667	1,579	2
CAPITAL OUTLAY	5,000	0	0	1,667	1,667	0
Total Sale of Lots Expenses	10,000	0	88	3,334	3,246	1
Recreation Expenses						
PERSONNEL	127,520	9,531	37,534	42,506	4,972	29
SUPPLIES	26,900	2,389	7,794	8,967	1,173	29
OUTSIDE SERVICES	84,000	5,578	53,844	28,000	(25,844)	64
Total Recreation Expenses	238,420	17,498	99,172	79,473	(19,699)	42
Retirement Development Expenses						
PERSONNEL	4,093	0	0	1,364	1,364	0
SUPPLIES	0	0	272	0	(272)	0
OUTSIDE SERVICES	0	108	1,704	0	(1,704)	0
Total Retirement Development Expenses	4,093	108	1,976	1,364	(612)	48
Total Expenditures	252,513	17,606	101,236	84,171	(17,065)	40
Excess Revenue Over (Under) Expenditures	286,804	18,163	48,033	95,600	(13,437)	17

16

**GF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:33 AM

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Revenues						
001-000-200.00-000-000 AD VALORM TAXES-CURRENT	1,287,159	303,630	303,839	429,053	(125,214)	24
001-000-201.00-000-000 AUTO AND MOBILE HOME	235,595	19,052	66,553	78,532	(11,979)	28
001-000-202.00-000-000 PERSONAL TAXES	323,246	49,821	50,175	107,749	(57,574)	16
001-000-203.00-000-000 AD VALORM-DELINQUENT	1,000	267	641	333	308	64
001-000-210.00-000-000 PENALTIES & INTEREST	35,000	488	1,986	11,667	(9,711)	6
001-000-214.00-000-000 TAX COLLECTION COSTS	80,000	13,826	15,834	26,667	(10,833)	20
001-000-220.00-000-000 PRIVILEGE LICENSES	30,000	2,458	11,978	10,000	1,978	40
001-000-220.01-000-000 LIQUOR PRIVILEGE TAX	4,275	450	1,800	1,425	375	42
001-000-221.00-000-000 FRANCHISE CHARGES-UTILITIES	615,000	101,477	268,231	205,000	63,231	44
001-000-222.00-000-000 BUILDING PERMITS	40,000	7,792	23,973	13,333	10,640	60
001-000-223.00-000-000 PLANNING/ZONING APPLICATIONS	3,000	200	3,208	1,000	2,208	107
001-000-224.00-000-000 LOT CLEAN UP	20,000	1,838	1,838	6,667	(4,829)	9
001-000-241.00-000-000 FEDERAL PAYMENT IN LIEU OF	27,500	26,811	26,811	9,167	17,644	97
001-000-245.01-000-000 STATE WIRELESS FUND	10,000	0	0	3,333	(3,333)	0
001-000-247.02-000-000 BULLET PROOF VEST 2006	16,220	0	0	5,407	(5,407)	0
001-000-250.00-000-000 MUNICIPAL-STATE AID	17,500	7,431	12,856	5,833	7,023	73
001-000-251.00-000-000 HOMESTEAD EXEMPTION REIMB.	120,000	0	0	40,000	(40,000)	0
001-000-256.00-000-000 DRUG/ALCOHOL CM GRANT	78,277	0	35,603	26,092	9,511	45
001-000-260.00-000-000 GENERAL SALES TAX	3,960,000	335,226	1,352,170	1,320,000	32,170	34
001-000-262.01-000-000 MUN. FIRE REBATE FUND - FOR LTD	55,547	0	0	18,516	(18,516)	0
001-000-262.02-000-000 1/4 MILL LEVY FIRE PROTECTION	18,921	4,062	4,579	6,307	(1,728)	24
001-000-262.03-000-000 MUN. FIRE REBATE FUNDS-FOR CODE	1,831	0	0	610	(610)	0
001-000-263.00-000-000 POLICE MINIMUM STANDARDS	15,000	0	9,000	5,000	4,000	60
001-000-264.00-000-000 PRC ANIMAL SHELTER	6,500	411	1,995	2,167	(172)	31
001-000-271.00-000-000 ROAD & BRIDGE TAXES	220,000	41,281	47,231	73,333	(26,102)	21
001-000-276.00-000-000 SCHOOL PATROL	139,140	0	0	46,380	(46,380)	0
001-000-289.00-000-000 MUN COURT WARRANT OFFICER	12,000	1,135	4,229	4,000	229	35
001-000-330.00-000-000 COURT FINES & FEES	315,000	32,829	108,414	105,000	3,414	34
001-000-334.00-000-000 SPECIAL POLICE SERVICE	22,500	2,442	7,703	7,500	203	34
001-000-335.00-000-000 POLICE EQUIP ASSESSMENTS	1,000	21	268	333	(65)	27
001-000-336.05-000-000 COLLECTION FEE	1,000	1	3	333	(330)	0
001-000-336.10-000-000 MUNICIPAL COURT EVIDENCE	10,200	1,019	3,867	3,400	487	38
001-000-340.00-000-000 INTEREST EARNED	20,000	777	6,328	6,667	(339)	32
001-000-346.00-000-000 FIRE DEPARTMENT DONATIONS	0	0	1,189	0	1,189	0
001-000-346.10-000-000 SUMMER YOUTH CAMP DONATION	0	1,000	1,130	0	1,130	0
001-000-355.00-000-000 MISCELLANEOUS INCOME	14,000	56,096	160,945	4,667	156,278	1,150
001-000-380.03-000-000 TRANSFER FROM UTILITY FUND	0	0	300,000	0	300,000	0
001-092-301.00-000-000 BRICK BY BRICK PROGRAM PROCEEDS	0	0	6,142	0	6,142	0
001-092-302.00-000-000 DEPOT BRICK PROGRAM PROCEEDS	0	0	631	0	631	0
Total Revenues	7,756,411	1,011,841	2,841,140	2,585,471	255,669	37
Expenditures						
Municipal Council Expenses						

**GF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:33 AM

Page: 2

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
PERSONNEL	68,949	5,119	19,904	22,982	3,078	29
SUPPLIES	500	0	779	167	(612)	156
OUTSIDE SERVICES	64,150	26,311	35,207	21,384	(13,823)	55
CAPITAL OUTLAY	0	414,977	726,175	0	(726,175)	0
Total Municipal Council Expenses	133,599	446,407	782,065	44,533	(737,532)	585
Municipal Court Expenses						
PERSONNEL	251,243	17,248	69,127	83,749	14,622	28
SUPPLIES	4,000	232	2,062	1,333	(729)	52
OUTSIDE SERVICES	54,750	3,417	18,528	18,250	(278)	34
Total Municipal Court Expenses	309,993	20,897	89,717	103,332	13,615	29
City Attorney Expenses						
PERSONNEL	9,516	711	2,780	3,172	392	29
OUTSIDE SERVICES	20,000	1,571	4,556	6,667	2,131	23
Total City Attorney Expenses	29,516	2,282	7,316	9,839	2,523	25
City Manager Expenses						
PERSONNEL	106,600	10,126	39,913	35,533	(4,380)	37
SUPPLIES	7,500	70	2,641	2,501	(140)	35
OUTSIDE SERVICES	16,300	576	5,938	5,434	(504)	36
CAPITAL OUTLAY	10,876	0	10,876	5,108	(5,768)	100
Total City Manager Expenses	141,276	10,772	59,368	48,576	(10,792)	42
General Services Expenses						
PERSONNEL	16,371	1,275	5,942	5,457	(485)	36
SUPPLIES	7,700	451	2,751	2,567	(184)	36
OUTSIDE SERVICES	216,500	28,894	203,019	72,167	(130,852)	94
Total General Services Expenses	240,571	30,620	211,712	80,191	(131,521)	88
Financial Expenses						
PERSONNEL	135,942	9,619	38,052	45,314	7,262	28
SUPPLIES	7,500	14	4,594	2,500	(2,094)	61
OUTSIDE SERVICES	69,400	11,245	21,095	23,135	2,040	30
Total Financial Expenses	212,842	20,878	63,741	70,949	7,208	30
Code Enforcement Expenses						
PERSONNEL	140,564	10,519	41,652	46,854	5,202	30
SUPPLIES	4,200	89	2,024	1,400	(624)	48
OUTSIDE SERVICES	21,500	1,204	5,751	7,167	1,416	27
Total Code Enforcement Expenses	166,264	11,812	49,427	55,421	5,994	30
Police Administration Expenses						
PERSONNEL	223,045	15,887	65,730	74,348	8,618	29
SUPPLIES	6,500	178	738	2,167	1,429	11
OUTSIDE SERVICES	66,400	3,618	20,675	22,134	1,459	31
CAPITAL OUTLAY	8,651	0	0	2,884	2,884	0
Total Police Administration Expenses	304,596	19,683	87,143	101,533	14,390	29
Patrol & Investigations Expenses						

**GF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:33 AM

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
PERSONNEL	1,249,388	101,540	400,396	416,462	16,066	32
SUPPLIES	141,000	12,753	44,078	47,000	2,922	31
OUTSIDE SERVICES	79,750	6,833	48,217	26,583	(21,634)	60
CAPITAL OUTLAY	7,568	166	1,259	2,523	1,264	17
Total Patrol & Investigations Expenses	1,477,706	121,292	493,950	492,568	(1,382)	33
<u>Domestic Violence Grant Expenses</u>						
<u>Custody of Prisoners Expenses</u>						
PERSONNEL	155,062	10,933	45,497	51,687	6,190	29
SUPPLIES	39,000	5,071	16,496	12,989	(3,497)	42
OUTSIDE SERVICES	15,500	375	1,437	5,167	3,730	9
Total Custody of Prisoners Expenses	209,562	16,379	63,430	69,853	6,423	30
<u>Alcohol Countermeasures Grant Expenses</u>						
PERSONNEL	0	0	1,709	0	(1,709)	0
Total Alcohol Countermeasures Expenses	0	0	1,709	0	(1,709)	0
<u>Records & Communications Expenses</u>						
PERSONNEL	376,623	29,584	121,574	125,541	3,967	32
SUPPLIES	7,000	1,519	5,587	2,334	(3,253)	80
OUTSIDE SERVICES	20,800	725	10,213	6,933	(3,280)	49
Total Records & Communications Expenses	404,423	31,828	137,374	134,808	(2,566)	34
<u>School Patrol Expenses</u>						
PERSONNEL	126,189	9,896	41,046	42,064	1,018	33
SUPPLIES	6,500	564	2,350	2,166	(184)	36
OUTSIDE SERVICES	2,750	50	262	917	655	10
Total School Patrol Expenses	135,439	10,510	43,658	45,147	1,489	32
<u>Animal Control Expenses</u>						
PERSONNEL	34,692	2,470	7,381	11,564	4,183	21
SUPPLIES	766	327	327	255	(72)	43
OUTSIDE SERVICES	48,050	3,779	15,891	16,017	26	33
Total Animal Control Expenses	83,508	6,576	23,699	27,836	4,137	28
<u>Fire Department Expenses</u>						
PERSONNEL	2,001,147	152,938	577,063	667,048	89,985	29
SUPPLIES	52,519	2,067	12,089	19,319	7,231	23
OUTSIDE SERVICES	62,200	6,838	23,798	20,734	(3,064)	38
Total Fire Department Expenses	2,115,866	161,843	612,950	707,101	94,152	29
<u>Streets & Drainage Expenses</u>						
PERSONNEL	346,288	31,378	116,292	116,096	(196)	33
SUPPLIES	101,500	10,571	55,662	27,167	(28,495)	55
OUTSIDE SERVICES	311,200	23,600	118,165	110,400	(7,765)	38
CAPITAL OUTLAY	14,250	0	5,854	4,750	(1,104)	41
Total Streets & Drainage Expenses	773,238	65,549	295,973	258,413	(37,560)	38
<u>Grounds & Beautification Expenses</u>						

**GF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:33 AM

Page: 4

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
PERSONNEL	420,798	30,235	121,317	140,266	18,949	29
SUPPLIES	96,119	4,270	25,626	32,040	6,414	27
OUTSIDE SERVICES	16,250	3,846	5,980	5,417	(563)	37
CAPITAL OUTLAY	0	0	283	0	(283)	0
Total Grounds & Beautification Expenses	533,167	38,351	153,206	177,723	24,517	29
Equipment Maintenance Expenses						
PERSONNEL	44,769	2,395	9,562	14,923	5,361	21
SUPPLIES	10,600	151	550	3,533	2,983	5
OUTSIDE SERVICES	11,800	650	2,207	3,934	1,727	19
Total Equipment Maintenance Expenses	67,169	3,196	12,319	22,390	10,071	18
Total Expenditures	7,340,735	1,018,875	3,188,757	2,450,213	(738,543)	43
Excess Revenue Over (Under) Expenditures	415,676	(7,034)	(347,617)	135,258	994,212	(84)

20

**UF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:33 AM

Page: 1

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Revenues						
405-000-340.00-000-000 INTEREST INCOME	7,500	0	1,933	2,500	(568)	26
405-000-340.01-000-000 CD Interest Earned-Bond & Ins.	400	0	0	133	(133)	0
405-000-340.02-000-000 CD Interest Earned-Sew Impr.	100	0	0	33	(33)	0
405-000-340.03-000-000 CD Interest Earned-Meter	1,500	0	0	500	(500)	0
405-000-351.02-000-000 MISC TAP INCOME	20,000	1,000	7,300	6,667	633	37
405-000-355.00-000-000 MISC INCOME	60,000	9,600	75,366	20,000	55,366	126
405-000-355.01-000-000 MISC INCOME BAGS	4,000	392	1,423	1,333	90	36
405-000-360.01-000-000 METERED SALES WATER	1,656,138	129,280	516,039	552,046	(36,007)	31
405-000-360.02-000-000 METERED SALES GAS	1,825,934	241,263	732,825	541,978	190,847	45
405-000-362.00-000-000 SERVICE CONNECTION CHARGES	2,000	200	500	667	(167)	25
405-000-364.00-000-000 UTILITY LATE CHARGES	145,000	11,581	48,124	48,333	(209)	33
405-000-365.00-000-000 GARBAGE REVENUE	915,000	77,738	310,834	305,000	5,834	34
405-000-393.02-000-000 SALE OF EQUIPMENT & MACHINERY	0	1,384	4,394	0	4,394	0
Total Revenues	4,437,572	472,438	1,698,738	1,479,190	219,547	38
Expenditures						
Intrafund Transfers Expenses						
TRANSFERS	125,000	10,417	337,500	41,667	(295,833)	270
Total Intrafund Transfers Expenses	125,000	10,417	337,500	41,667	(295,833)	270
Utility Administration Expenses						
PERSONNEL	527,586	44,167	173,246	175,862	2,616	33
SUPPLIES	30,000	1,950	6,944	10,000	3,056	23
OUTSIDE SERVICES	220,250	14,254	94,860	73,416	(21,444)	43
CAPITAL OUTLAY	0	0	38,027	0	(38,027)	0
Total Utility Administration Expenses	777,836	60,371	313,077	259,278	(53,799)	40
Director of Public Works Expenses						
PERSONNEL	157,841	12,143	45,455	52,614	7,159	29
SUPPLIES	9,945	470	8,195	3,316	(4,879)	82
OUTSIDE SERVICES	76,893	543	22,825	25,632	2,807	30
CAPITAL OUTLAY	0	0	4,797	0	(4,797)	0
Total Director of Public Works Expenses	244,679	13,156	81,272	81,562	290	33
Water Regulations Expenses						
PERSONNEL	37,417	2,831	12,005	12,472	467	32
SUPPLIES	18,278	1,596	10,468	6,093	(4,375)	57
OUTSIDE SERVICES	6,048	107	3,009	2,016	(993)	50
Total Water Regulations Expenses	61,743	4,634	25,482	20,581	(4,901)	41
Well and Pump Maintenance Expenses						
SUPPLIES	33,308	(195)	465	11,103	10,638	1
OUTSIDE SERVICES	66,197	4,457	19,189	22,066	2,877	29
Total Well and Pump Maintenance Expenses	99,505	4,262	19,654	33,169	13,515	20

21

**UF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 1/31/2013**

Run: 2/13/2013 at 8:33 AM

Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Sewer Construction Expenses						
CAPITAL OUTLAY	0	0	509,044	0	(509,044)	0
Total Sewer Construction Expenses	0	0	509,044	0	(509,044)	0
Utility Construction Expenses						
PERSONNEL	131,790	10,812	42,708	43,930	1,222	32
SUPPLIES	37,041	947	6,960	12,347	5,387	19
OUTSIDE SERVICES	33,434	2,147	7,542	11,145	3,603	23
Total Utility Construction Expenses	202,265	13,906	57,210	67,422	10,212	28
Water Operations Expenses						
PERSONNEL	312,427	21,212	79,942	104,142	24,200	26
SUPPLIES	100,915	7,755	30,195	33,639	3,444	30
OUTSIDE SERVICES	17,818	348	6,208	5,940	(268)	35
CAPITAL OUTLAY	133,177	0	50,730	44,392	(6,338)	38
Total Water Operations Expenses	564,337	29,315	167,075	188,113	21,038	30
Gas Operations Expenses						
PERSONNEL	229,874	21,236	75,701	76,625	924	33
SUPPLIES	826,146	83,638	308,313	275,382	(32,931)	37
OUTSIDE SERVICES	83,336	5,390	22,419	27,779	5,360	27
Total Gas Operations Expenses	1,139,356	110,264	406,433	379,786	(26,647)	36
Garbage Expenses						
GARBAGE EXPENSES	810,000	70,751	212,222	270,000	57,778	26
Total Garbage Expenses	810,000	70,751	212,222	270,000	57,778	26
Loan Interest Expenses						
INTEREST EXPENSE	0	2,562	16,581	0	(16,581)	0
Total Loan Interest Expenses	0	2,562	16,581	0	(16,581)	0
Total Expenditures	4,024,721	319,638	2,145,550	1,341,578	(803,972)	53
Excess Revenue Over (Under) Expenditures	412,851	152,800	(446,812)	137,612	1,023,519	(108)

22

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 ACCEPT APPROVE PLANNING COMMISSION MINUTES

Motion was made by Council Member Watkins, seconded by Council Member Lane to accept the approved Minutes of the Planning Commission dated December 11, 2012.

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 ACCEPT COPY OF PLANNING COMMISSION MINUTES

Motion was made by Council Member Watkins, seconded by Council Member Lane to accept copy of Minutes of the Planning Commission dated February 12, 2013.

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.

PROCLAIM MARCH AS INTELLECTUAL/DEVELOPMENTAL DISABILITIES AWARENESS MONTH

Motion was made by Council Member Lane, seconded by Council Member Gouguet to proclaim March as Intellectual/Developmental Disabilities Month as March 1, 2013 as Intellectual/Developmental Disabilities Day in our city.

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.

AT THIS TIME MAYOR ED PINERO AND COUNCIL MEMBER LARRY WATKINS RECUSED THEMSELVES FROM THE MEETING CAUSING WAYNE GOUGUET TO BE ACTING MAYOR PRO TEMP

APPOINT SCHOOL BOARD MEMBER

Motion was made by Council Member Lane, seconded by Council Member Gouguet to appoint Ray Scott to the Picayune Separate School District School Board.

The following roll call was made:

VOTING YEA: Mayor Pro Temp Wayne Gouguet and Council Member Todd Lane

VOTING NAY: Council Members Bumpers and Breland

ABSENT AND NOT VOTING: Mayor Ed Pinero and Council Member Larry Watkins

ABSTAINING AND NOT VOTING: None

The motion did not carry.

APPOINT SCHOOL BOARD MEMBER

Motion was made by Council Member Bumpers, seconded by Council Member Breland to appoint Sheena Antoine to the Picayune Separate School District School Board.

The following roll call was made:

VOTING YEA: Council Members Bumpers and Breland

VOTING NAY: Mayor Pro Temp Wayne Gouguet and Council Member Todd Lane

ABSENT AND NOT VOTING: Mayor Ed Pinero and Council Member Larry Watkins

ABSTAINING AND NOT VOTING: None

The motion did not carry.

BEING THAT THE MOTIONS DID NOT CARRY AND THE COUNCIL DID NOT ACT, THE CITY MANAGER WILL REQUEST THAT THE GOVERNOR MAKE THE SCHOOL BOARD APPOINTMENT

AT THIS TIME MAYOR PINERO AND COUNCIL MEMBER WATKINS RETURNED TO THE MEETING

ACCEPT FY 2012 FINANCIAL AUDIT

Motion was made by Council Member Lane, seconded by Council Member Gouguet to accept the FY 2012 Financial Audit as submitted.

**CITY OF PICAYUNE, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

CITY OF PICAYUNE, MISSISSIPPI
 AUDITED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	2 - 3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5
FUND FINANCIAL STATEMENTS:	
Governmental funds Financial Statements	
Balance Sheet – Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Proprietary Fund Financial Statements	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Fund Net Assets	11
Statement of Cash Flows	12
NOTES TO FINANCIAL STATEMENTS	13 - 28
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule - General Fund	30
Notes to Budgetary Comparison Schedule	31
SUPPLEMENTAL INFORMATION:	
Schedule of Surety Bonds for City Officials	33
Schedule of Expenditures of Federal Awards	34
Notes to the Schedule of Expenditures of Federal Awards	35
REPORTS ON COMPLIANCE AND ON INTERNAL CONTROL	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	38
Independent Auditor's Report on Compliance	40
Schedule of Findings and Questioned Costs	42

Keene, Bourne, Sanderson, Haigler & Eavenson, PA

CERTIFIED PUBLIC ACCOUNTANTS
(A Professional Association)

JOHN M. KEENE, CPA
PAMELA W. BOURNE, CPA
C. RONALD SANDERSON, CPA
T. ASHTON HAIGLER, CPA, CVA
CHELIE K. EAVENSON, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the
City Council, City Manager, and City Clerk
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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Picayune's management. Our responsibility is to express an opinion 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, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Picayune, Mississippi, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, 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 19, 2013, on our consideration of the City of Picayune, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The budgetary comparison information on page 30, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 has elected not to present Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Picayune, Mississippi's basic financial statements. The accompanying Schedule of

2

12 PROFESSIONAL PARKWAY | HATTIESBURG, MS 39402 | PHONE: 601.296.2521 | FAX: 601.296.2534 | www.kbscpa.net

MEMBERS:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS | MISSISSIPPI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF CERTIFIED VALUATION ANALYSTS | LOUISIANA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
ALABAMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

REGULAR MEETING FEBRUARY 19, 2013

Expenditures of Federal Awards 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 Non-Profit Organizations*, and is not a required part of the basis financial statements. Other supplementary financial information listed as schedules in the table of contents is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Keene, Bourne Sanderson, Haigler & Eavenson, P.A.

Keene Bourne Sanderson Haigler & Eavenson, PA
Certified Public Accountants

February 19, 2013

City of Picayune
Statement of Net Assets
September 30, 2012

EXHIBIT 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,574,754	\$ 4,019,145	\$ 11,593,899
Investments	206,418	599,568	805,986
Receivables (net of uncollectibles):			
Accounts	401,723	760,914	1,162,637
Sales Tax	749,396	-	749,396
Property & Ad Valorem Tax	1,864,921	-	1,864,921
Other	306,458	32,708	339,166
Notes Receivable	1,024,476	-	1,024,476
Other Assets	633,933	274,768	908,701
Due from Other Funds	2,990,036	214,201	3,204,237
Capital Assets (net of accumulated depreciation):			
Land	2,192,438	172,599	2,365,037
Buildings and Improvements	3,807,593	68,444	3,876,037
Machinery and Equipment	365,425	107,276	472,701
Mobile Equipment	1,175,678	121,074	1,296,752
Infrastructure	18,427,774	5,587,743	24,015,517
Construction in Progress	8,366,882	3,533,727	11,900,609
Bond Issuance Costs (net of accumulated amortization)	234,765	12,717	247,482
Total Assets	\$ 50,322,670	\$ 15,504,884	\$ 65,827,554
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 643,890	\$ 792,122	\$ 1,436,012
Accrued Liabilities	225,331	55,699	281,030
Customer Deposits	-	648,768	648,768
Due to Other Funds	1,315,074	1,889,163	3,204,237
Deferred Revenue	1,864,921	-	1,864,921
Assets Held for Others	432,898	-	432,898
Non-Current Liabilities:			
Due Within One Year	1,240,114	176,653	1,416,767
Due In More Than One Year	11,898,899	3,376,719	15,275,618
Long-term Compensated Absences	515,541	104,928	620,469
Total Liabilities	18,136,668	7,044,052	25,180,720
Net Assets:			
Invested in Capital Assets, net of related debt	21,196,777	6,037,491	27,234,268
Restricted	4,512,356	1,248,336	5,760,692
Unrestricted	6,476,869	1,175,005	7,651,874
Total Net Assets	32,186,002	8,460,832	40,646,834
Total Liabilities and Net Assets	\$ 50,322,670	\$ 15,504,884	\$ 65,827,554

The notes to the financial statements are an integral part of this statement.

City of Picayune
Statement of Activities
September 30, 2012

EXHIBIT 2

Function/Programs:	Program Revenues			Governmental Activities	Business-Type Activities	Total
	Expenses	Charges for Services	Operating Grants			
Governmental Activities:						
General Government	\$ 2,599,423	\$ -	\$ 634,338	\$ 132,228	\$ (1,832,857)	\$ (1,832,857)
Public Safety	4,775,342	-	-	-	(4,775,342)	(4,775,342)
Public Works	2,313,736	-	-	-	(2,313,736)	(2,313,736)
Culture and Recreation	189,882	-	-	-	(189,882)	(189,882)
Economic Development	533,877	4,848	-	-	(529,029)	(529,029)
Interest on Long-Term Debt	439,467	-	-	-	(439,467)	(439,467)
Total Governmental Activities	10,851,727	4,848	634,338	132,228	(10,080,313)	(10,080,313)
Business-type Activities:						
Utility	3,797,827	4,357,980	-	1,489,533	-	2,049,686
Cemetery	98,192	33,683	-	-	(64,509)	(64,509)
Total Business-type Activities	3,896,019	4,391,663	-	1,489,533	-	1,985,177
Total Functions/Programs	14,747,746	4,396,511	634,338	1,621,761	(10,080,313)	(8,093,136)
General Revenues:						
Property Tax and Ad Valorem Tax				2,820,567	-	2,820,567
Franchise Taxes				572,747	-	572,747
Sales Tax				4,512,615	-	4,512,615
Intergovernmental Revenue				822,943	-	822,943
Licenses, Permits, and Fees				229,911	-	229,911
Fines and Forfeits				438,890	-	438,890
Other				998,323	140,061	1,138,384
Transfers In				872,643	124,959	997,602
Transfers Out				(1,094,340)	(80,834)	(1,175,174)
Total General Revenues				10,174,299	184,186	10,358,485
Change in Net Assets				93,986	2,169,363	2,263,349
Net Assets, Beginning of Year				32,092,016	6,291,469	38,383,485
Net Assets, End of Year				\$ 32,186,002	\$ 8,460,832	\$ 40,646,834

REGULAR MEETING FEBRUARY 19, 2013

City of Picayune
Balance Sheet
Governmental Funds
September 30, 2012

EXHIBIT 3

	General Fund	Airport Fund	Economic Development Fund	Gen Obligation Street Bonds Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 5,162,314	\$ 324,371	\$ 520,506	\$ 1,027,143	\$ 540,420	\$ 7,574,754
Investments	-	-	150,773	-	55,645	206,418
Receivables (net of uncollectibles):						
Intergovernmental Receivables	679,662	-	69,734	-	-	749,396
Property Tax Receivable	1,864,921	-	-	-	-	1,864,921
Franchise Tax Receivable	158,899	-	-	-	-	158,899
Other Receivables	549,257	-	25	-	-	549,282
Notes Receivable	135,883	-	888,593	-	-	1,024,476
Prepaid Expenses	200,141	2,598	-	-	-	202,739
Inventory	-	-	431,194	-	-	431,194
Due from Other Funds	2,959,507	-	10,847	-	19,682	2,990,036
Total Assets	\$ 11,710,584	\$ 326,969	\$ 2,071,672	\$ 1,027,143	\$ 615,747	\$ 15,752,115
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 609,473	\$ 2,047	\$ 13,612	\$ -	\$ 18,758	643,890
Accrued Liabilities	218,606	1,962	4,763	-	-	225,331
Due to Other Funds	229,508	1,082,766	-	-	2,800	1,315,074
Deferred Revenue	1,864,921	-	-	-	-	1,864,921
Assets Held for Others	404,255	-	-	-	28,643	432,898
Total Liabilities	3,326,763	1,086,775	18,375	-	50,201	4,482,114
Fund Balances:						
Nonspendable						
Prepaid Expenses	200,141	2,598	-	-	-	202,739
Inventory	-	-	431,194	-	-	431,194
Notes Receivable	135,883	-	888,593	-	-	1,024,476
Restricted						
Debt Service	1,028,194	-	700,319	-	-	1,728,513
Capital Projects	1,048,243	-	-	1,027,143	-	2,075,386
Committed	805,000	-	-	-	-	805,000
Assigned	-	(762,404)	33,191	-	565,546	(163,667)
Unassigned	5,166,360	-	-	-	-	5,166,360
Total Fund Balances (Deficits)	8,383,821	(759,806)	2,053,297	1,027,143	565,546	11,270,001
Total Liabilities and Fund Balances	\$ 11,710,584	\$ 326,969	\$ 2,071,672	\$ 1,027,143	\$ 615,747	\$ 15,752,115

The notes to the financial statements are an integral part of this statement

City of Picayune
 Reconciliation of the Balance Sheet
 to the Statement of Net Assets
 Governmental Funds
 September 30, 2012

EXHIBIT 3.1

Fund Balances - Total Governmental Funds		\$ 11,270,001
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.</p>		
Governmental Capital Assets	\$ 64,369,869	
Less: Accumulated Depreciation	<u>(30,034,079)</u>	34,335,790
<p>Other long-term assets are not current financial resources. Therefore, they are not reported in the funds.</p>		
Bond Issuance Costs	319,500	
Less: Accumulated Amortization	<u>(84,735)</u>	234,765
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds Payable	(11,410,500)	
Notes Payable	(1,728,513)	
Compensated Absences	<u>(515,541)</u>	<u>(13,654,554)</u>
Net Assets of Governmental Activities		<u>\$ 32,186,002</u>

The notes to the financial statements are an integral part of this statement.

City of Picayune
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
September 30, 2012

EXHIBIT 4

	General Fund	Airport Fund	Economic Development Fund	Gen Obligation Street Bonds Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property and Ad Valorem Taxes	\$ 1,868,423	\$ -	\$ -	\$ -	\$ 952,144	\$ 2,820,567
Licenses, Permits and Fees	802,658	-	-	-	-	802,658
Intergovernmental Revenue	768,952	-	-	-	53,991	822,943
Sales Tax	4,056,931	-	454,690	-	994	4,512,615
Charges for Services	-	4,848	-	-	-	4,848
Fines and Forfeits	345,581	-	-	-	93,309	438,890
Rents Charged	-	88,502	3,964	-	-	92,466
Grants	634,338	-	-	-	132,228	766,566
Other Revenue	69,817	9,633	28,309	4,235	16,875	128,869
Total Revenues	8,546,700	102,983	486,963	4,235	1,249,541	10,390,422
EXPENDITURES						
Current:						
General Government	3,064,166	-	-	2,001,897	-	5,066,063
Public Safety	4,675,388	-	-	-	-	4,675,388
Public Works	1,859,572	-	-	-	-	1,859,572
Culture and Recreation	127,883	-	-	-	-	127,883
Economic Development	18,404	79,594	192,083	-	146,493	436,574
Debt Service:						
Principal Retirement	-	-	-	-	1,183,936	1,183,936
Interest and Fiscal Charges	-	-	-	-	439,467	439,467
Total Expenditures	9,745,413	79,594	192,083	2,001,897	1,769,896	13,788,883
Excess (Deficiency) of Revenues Over Expenditures	(1,198,713)	23,389	294,880	(1,997,662)	(520,355)	(3,398,461)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Assets	123,780	-	18,923	-	36,273	178,976
Transfers In	177,693	-	-	4,732	690,218	872,643
Transfers Out	(437,388)	(3,930)	(393,835)	(177,694)	(81,493)	(1,094,340)
Total Other Financing Sources (Uses)	(135,915)	(3,930)	(374,912)	(172,962)	644,998	(42,721)
Net Change in Fund Balance	(1,334,628)	19,459	(80,032)	(2,170,624)	124,643	(3,441,182)
Fund Balances (Deficits) - Beginning	9,718,449	(779,265)	2,133,329	3,197,767	440,903	14,711,183
Fund Balances (Deficits) - Ending	\$ 8,383,821	\$ (759,806)	\$ 2,053,297	\$ 1,027,143	\$ 565,546	\$ 11,270,001

The notes to the financial statements are an integral part of this statement.

City of Picayune
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 September 30, 2012

EXHIBIT 4.1

Net Change in Fund Balances - Total Governmental Funds		\$ (3,441,182)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Expenditures for Capital Assets	\$ 3,905,996	
Less: Current Year Depreciation	<u>(1,448,580)</u>	2,457,416
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Principal Payments		1,183,936
<p>Proceeds from the sale of assets is recorded as revenue in the governmental funds. However, only the gain or loss on the sale is reported in the Statement of Activities</p>		
Net gain (loss) on sale of assets	<u>(67,916)</u>	(67,916)
<p>Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in Long-term Compensated Absences		<u>(38,268)</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 93,986</u></u>

The notes to the financial statements are an integral part of this statement.

City of Picayune
Statement of Net Assets
Proprietary Funds
September 30, 2012

EXHIBIT 5

	Enterprise Funds		
	Utility Fund	Cemetery Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,914,014	\$ 105,131	\$ 4,019,145
Investments	363,406	236,162	599,568
Accounts Receivable, net of allowance	760,914	-	760,914
Other Receivables	-	32,708	32,708
Prepaid Expenses	14,001	-	14,001
Inventory	112,565	148,202	260,767
Due from Other Funds	211,762	2,439	214,201
Total Current Assets	5,376,662	524,642	5,901,304
Noncurrent Assets:			
Capital Assets:			
Land	169,023	3,576	172,599
Buildings and Improvements	94,696	8,506	103,202
Machinery and Equipment	740,201	21,387	761,588
Infrastructure	8,057,515	-	8,057,515
Mobile Equipment	520,653	10,000	530,653
Construction in Progress	3,533,727	-	3,533,727
Less Accumulated Depreciation	(3,535,567)	(32,854)	(3,568,421)
Bond Issuance Costs, net of accumulated amortization	12,717	-	12,717
Total Noncurrent Assets	9,592,965	10,615	9,603,580
Total Assets	14,969,627	535,257	15,504,884
LIABILITIES			
Current Liabilities:			
Accounts Payable	788,709	3,413	792,122
Accrued Salaries and Taxes	53,260	2,439	55,699
Customer Deposits	648,768	-	648,768
Due to Other Funds	1,889,110	53	1,889,163
Current Portion of Long-term Debt	176,653	-	176,653
Total Current Liabilities	3,556,500	5,905	3,562,405
Noncurrent Liabilities:			
Compensated Absences Payable	95,721	9,207	104,928
Long-term Debt	3,376,719	-	3,376,719
Total Liabilities	7,028,940	15,112	7,044,052
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,026,876	10,615	6,037,491
Restricted	1,012,174	236,162	1,248,336
Unrestricted	901,637	273,368	1,175,005
Total Net Assets	\$ 7,940,687	\$ 520,145	\$ 8,460,832

The notes to the financial statements are an integral part of this statement.

City of Picayune
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 September 30, 2012

EXHIBIT 6

	Enterprise Funds		
	Utility Fund	Cemetery Fund	Total
Operating Revenues:			
Charges for Services	\$ 4,357,980	\$ -	\$ 4,357,980
Plot Sales	-	33,683	33,683
Total Operating Revenues	4,357,980	33,683	4,391,663
Operating Expenses:			
Personnel Services	1,372,603	62,203	1,434,806
Supplies	344,858	24,067	368,925
Contractual Services and Other Charges	950,461	8,949	959,410
Utilities	103,349	896	104,245
Purchase of Gas	773,295	-	773,295
Depreciation	181,849	2,077	183,926
Total Operating Expenses	3,726,415	98,192	3,824,607
Operating Income (Loss)	631,565	(64,509)	567,056
Nonoperating Revenues (Expenses):			
Other Miscellaneous Income	73,099	-	73,099
Proceeds from Asset Disposals	54,865	-	54,865
Interest Income	10,659	1,438	12,097
Grant Revenue	1,489,533	-	1,489,533
Transfers In	80,834	44,125	124,959
Transfers Out	(80,834)	-	(80,834)
Interest Expense	(71,412)	-	(71,412)
Total Nonoperating Revenues (Expenses)	1,556,744	45,563	1,602,307
Net Income (Loss)	2,188,309	(18,946)	2,169,363
Total Net Assets - Beginning	5,752,378	539,091	6,291,469
Total Net Assets - Ending	\$ 7,940,687	\$ 520,145	\$ 8,460,832

The notes to the financial statements are an integral part of this statement.

City of Picayune
Statement of Cash Flows
Proprietary Funds
September 30, 2012

EXHIBIT 7

	Enterprise Funds		
	Utility Fund	Cemetery Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 4,357,980	\$ 33,683	\$ 4,391,663
Cash payments for personnel services	(1,372,603)	(62,203)	\$ (1,434,806)
Cash payments to suppliers and contractual services	(1,453,792)	(27,360)	\$ (1,481,152)
Cash payments for other charges	(1,058,493)	45	\$ (1,058,448)
Net cash provided (used) by operating activities	473,092	(55,835)	417,257
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Grant revenue	1,489,533	-	1,489,533
Miscellaneous revenue	127,964	-	127,964
Transfers from other funds	-	44,125	44,125
Interest expense	(71,412)	-	(71,412)
Principal repayments	(94,695)	-	(94,695)
Proceeds from borrowings	1,100,862	-	1,100,862
Purchase of capital assets	(3,461,325)	-	(3,461,325)
Net cash provided (used) by capital and related financing activities	(909,073)	44,125	(864,948)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	10,659	1,438	12,097
Net cash provided (used) by investing activities	10,659	1,438	12,097
Net increase (decrease) in cash and cash equivalents	(425,322)	(10,272)	(435,594)
Cash and cash equivalents, October 1	4,339,336	115,403	4,454,739
Cash and cash equivalents, September 30	\$ 3,914,014	\$ 105,131	\$ 4,019,145

Reconciliation of operating income to net cash provided by operating activities:			
Net operating income (loss)	\$ 631,565	\$ (64,509)	\$ 567,056
Adjustments not affecting cash:			
Depreciation expense	181,849	2,077	183,926
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(54,026)	-	(54,026)
(Increase) decrease in other receivable	-	-	-
(Increase) decrease in prepaid items	2,253	-	2,253
(Increase) decrease in inventory	54,053	-	54,053
(Increase) decrease in due from other funds	(209,611)	6,374	(203,237)
Increase (decrease) in accounts payable	(342,561)	3,189	(339,372)
Increase (decrease) in customer deposits	37,441	-	37,441
Increase (decrease) in due to other funds	179,493	(162)	179,331
Increase (decrease) in payroll related liabilities	(7,364)	(2,804)	(10,168)
Net cash provided (used) by operating activities	\$ 473,092	\$ (55,835)	\$ 417,257

The notes to the financial statements are an integral part of this statement.

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- I. The City of Picayune, Mississippi 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 is organized to provide explanation, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2012.

- II. The City's basic financial statements include the accounts of all City operations. The criteria for including as a component unit of the city, consists 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 control, in which the participations retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of, the general public or specific service recipients.

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

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 non-fiduciary 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

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 American (GAAP) as applicable to governmental entities, and as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the 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 with GASB pronouncements, in which, GASB prevails.

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 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.

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.

(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.

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Airport Fund – This special revenue fund accounts for the financial resources used for the acquisition, construction, and maintenance of the City operated airport.

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.

General Obligation Street Bond Fund – This special revenue fund accounts for the proceeds from the issuance of bonds to be used for certain capital projects and improvements.

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, garbage, 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 operation of the City operated cemetery.

(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.

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."

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.

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012, the allowance for uncollectible utility fund receivables is \$32,708 and the allowance for general fund receivables is \$3,909,655 which consists primarily of police fines.

(C) Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2012, are recorded as prepaid items.

(D) Inventories

Inventories consist 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 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 cost 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

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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 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 for unpaid accumulated sick leave since sick pay is not paid upon termination of employment. All vacation pay is accrued when earned 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, 2012. The resulting liability is then increased to include social security and retirement contributions that the City is required to pay up on liquidation of the liability.

(I) Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the City:

Nonspendable fund balance includes items that cannot be spent. This includes amounts that are not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and amounts that must legally or contractually be required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the City's highest level of decision-making authority.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general funds, this is the residual amount within the fund that is not restricted or committed.

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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

(J) Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, not 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.

NOTE 2 - CASH AND OTHER DEPOSITS

(A) Cash

The carrying value of the City's deposits with financial institutions was \$12,399,985 and the bank balance was \$12,515,162 at September 30, 2012.

Custodial Credit Risk: State laws 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, security pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the FDIC.

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, 2012, the City did not hold any certificates of deposit with maturity dates longer than one year.

**CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 3 - RECEIVABLES

Receivables at September 30, 2012 consist of the following:

	Governmental Activities	Business-type Activities	Total Government-wide
Property and ad valorem tax	\$ 1,864,921	\$ -	\$ 1,864,921
Sales tax	749,396	-	749,396
Franchise tax	158,899	-	158,899
Fines receivable, gross	4,311,378	-	4,311,378
Accounts receivable, gross	-	803,242	803,242
Other receivables	147,559	32,708	180,267
Notes receivable	1,024,476	-	1,024,476
Total receivables, gross	8,256,629	835,950	9,092,579
Less: allowance for doubtful accounts	(3,909,655)	(42,328)	(3,951,983)
Total receivables, net	<u>\$ 4,346,974</u>	<u>\$ 793,622</u>	<u>\$ 5,140,596</u>

(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. 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.

(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 sales 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 eight payments and reducing the ninth payment. The balance of notes receivable as of September 30, 2012 was \$888,593 and is included as Notes Receivable in the Statement of Net Assets.

National Home Furnishings

On September 29, 2006, the City entered into an agreement with National Home Furnishings for the sale of City property and building. The sales price was \$157,000 at 7% interest per annum for a period of twenty years. Monthly payments of \$1,217 are due on the first day of each month. The sale is financed by the City. The balance of notes receivable as of September 30, 2012 was \$135,883 and is included as Notes Receivable in the Statement of Net Assets.

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended September 30, 2012:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,192,438	\$ -		\$ 2,192,438
Construction in Progress	5,528,089	3,206,422	(367,629)	8,366,882
Total capital assets not being depreciated	7,720,527	3,206,422	(367,629)	10,559,320
<i>Capital assets being depreciated:</i>				
Buildings and improvements	5,445,240	-	(82,551)	5,362,689
Machinery and equipment	1,276,510	36,740	(9,920)	1,303,330
Mobile equipment	3,644,859	68,272	-	3,713,131
Infrastructure	42,469,208	962,191	-	43,431,399
Total capital assets being depreciated	52,835,817	1,067,203	(92,471)	53,810,549
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,330,940)	(224,156)	-	(1,555,096)
Machinery and equipment	(716,168)	(229,756)	8,019	(937,905)
Mobile equipment	(2,424,768)	(112,685)	-	(2,537,453)
Infrastructure	(24,121,642)	(881,983)	-	(25,003,625)
Total accumulated depreciation	(28,593,518)	(1,448,580)	8,019	(30,034,079)
Total capital assets being depreciated, net	24,242,299	(381,377)	(84,452)	23,776,470
Governmental activities capital assets, net	\$ 31,962,826	\$ 2,825,045	\$ (452,081)	\$ 34,335,790

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 37,085
Public Safety	169,918
Public Works	935,782
Culture and Recreation	61,999
Economic Development	243,796
Total Depreciation Expense	<u>\$ 1,448,580</u>

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 4 – CAPITAL ASSETS (Continued)

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 172,599	\$ -	\$ -	\$ 172,599
Construction in progress	2,905,069	1,512,376	(883,718)	3,533,727
Total capital assets not being depreciated	3,077,668	1,512,376	(883,718)	3,706,326
<i>Capital assets being depreciated:</i>				
Buildings and improvements	47,730	55,472	-	103,202
Machinery and equipment	761,588	-	-	761,588
Mobile equipment	491,774	38,879	-	530,653
Infrastructure	5,319,289	2,738,226	-	8,057,515
Total capital assets being depreciated	6,620,381	2,832,577	-	9,452,958
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(33,783)	(975)	-	(34,758)
Machinery and equipment	(618,101)	(36,211)	-	(654,312)
Mobile equipment	(388,398)	(21,181)	-	(409,579)
Infrastructure	(2,344,213)	(125,559)	-	(2,469,772)
Total accumulated depreciation	(3,384,495)	(183,926)	-	(3,568,421)
Total capital assets being depreciated, net	3,235,886	2,648,651	-	5,884,537
Business-type activities capital assets, net	\$ 6,313,554	\$ 4,161,027	\$ (883,718)	\$ 9,590,863

NOTE 5 – LONG-TERM DEBT

Changes in long-term debt during the year ended September 30, 2012 are as follows:

	October 1, 2011	Additions	Reductions	September 30, 2012	Due Within One Year
Governmental Activities					
Bonds	\$ 12,508,200	\$ -	\$ (1,097,700)	\$ 11,410,500	\$ 1,151,000
Notes	1,798,590	16,671	(86,748)	1,728,513	89,114
Compensated Absences	477,273	38,268	-	515,541	-
Total	\$ 14,784,063	\$ 54,939	\$ (1,184,448)	\$ 13,654,554	\$ 1,240,114
Business-Type Activities					
Bonds	\$ 346,800	\$ -	\$ (32,300)	\$ 314,500	\$ 34,000
Notes	2,200,405	1,100,862	(62,395)	3,238,872	142,653
Compensated Absences	85,249	19,679	-	104,928	-
Total	\$ 2,632,454	\$ 1,120,541	\$ (94,695)	\$ 3,658,300	\$ 176,653

**CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 5 – LONG-TERM DEBT (Continued)

(A) Bonds Payable

	October 1, 2011	Additions	Reductions	September 30, 2012	Due Within One Year
GENERAL GOVERNMENT:					
General Obligation Public Improvement Bonds, 2004	\$ 915,000	\$ -	\$ (100,000)	\$ 815,000	\$ 105,000
Special Obligation Bonds, 2004	2,605,000	-	(150,000)	2,455,000	160,000
General Obligation Public Improvement Bonds, 2005	673,200	-	(62,700)	610,500	66,000
General Obligation Public Improvement Bonds, 2006	880,000	-	(75,000)	805,000	75,000
General Obligation Bond Series, 2008	375,000	-	(45,000)	330,000	50,000
General Obligation Street Bonds, 2010	7,060,000	-	(665,000)	6,395,000	695,000
Total General Government	12,508,200	-	(1,097,700)	11,410,500	1,151,000
BUSINESS-TYPE:					
General Obligation Public Improvement Bonds, 2005	346,800	-	(32,300)	314,500	34,000
TOTAL	\$12,855,000	\$ -	\$ (1,130,000)	\$ 11,725,000	\$ 1,185,000

Principal and interest maturities are as follows:

Governmental Activities	Principal	Interest	Total Requirements
9/30/2013	1,151,000	370,379	1,521,379
9/30/2014	1,194,300	333,865	1,528,165
9/30/2015	1,239,300	295,691	1,534,991
9/30/2016	1,287,600	257,171	1,544,771
9/30/2017	1,345,900	219,190	1,565,090
Thereafter	5,192,400	529,594	5,721,994
Total	\$ 11,410,500	\$ 2,005,890	\$ 13,416,390

Business-Type Activities	Principal	Interest	Total Requirements
9/30/2013	34,000	11,140	45,140
9/30/2014	35,700	9,950	45,650
9/30/2015	35,700	8,701	44,401
9/30/2016	37,400	7,451	44,851
9/30/2017	39,100	6,142	45,242
Thereafter	132,600	9,670	142,270
Total	\$ 314,500	\$ 53,054	\$ 367,554

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 5 – LONG-TERM DEBT (Continued)

(A) Bonds Payable (continued)

	<u>Balance at 9/30/2012</u>
GENERAL GOVERNMENT	
General Obligation Public Improvement Bonds, 2004, dated March 1, 2004, \$1,500,000, variable interest currently at 2.875% that increases over the life of the bonds to 3.8%, payable in monthly installments beginning at \$75,000 on March 1, 2005 and increasing	\$ 815,000
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	2,455,000
General Obligation Public Improvement Bonds, 2005, dated August 15, 2005, \$1,500,000 amount, variable interest currently at 2.2% 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	610,500
General Obligation Public Improvement Bonds, 2006, dated July 7, 2006, \$1,200,000 amount, fixed interest rate at 4.3%, payable in annual installments beginning at \$60,000 on May 1, 2007, and increasing thereafter up to \$105,000 until maturity on May 1, 20	805,000
General Obligation Bond Series, 2008, dated March 19, 2008, \$500,000 amount, fixed interest rate at 2.9%, payable in annual installments of \$40,000 on March 1, 2009, and increasing thereafter up to \$60,000 until maturity on March 1, 2018.	330,000
General Obligation Street Bonds, 2010, dated August 5, 2010, \$7,700,000 amount, variable interest currently at 3.4% that decreases over the life of the bonds to 2.9%, payable in annual installments beginning at \$640,000 on July 1, 2011, and increasing the	<u>6,395,000</u>
TOTAL GENERAL GOVERNMENT BONDS PAYABLE	<u>11,410,500</u>
BUSINESS-TYPE	
General Obligation Public Improvement Bonds, 2005, dated August 15, 2005, \$1,500,000 amount, variable interest currently at 2.2% that increases over the life of beginning at \$70,000 on July 1, 2006, and increasing annually thereafter up to \$135,000 until	<u>314,500</u>
TOTAL GENERAL GOVERNMENT AND BUSINESS-TYPE BONDS PAYABLE	<u>\$ 11,725,000</u>

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012

NOTE 5 – LONG-TERM DEBT (Continued)

(B) Notes Payable

	Balance at October 1, 2011	Additions (Reductions)	Balance at September 30, 2012	Due Within One Year
GENERAL GOVERNMENT				
MDA Loan No. 0524, bearing interest at 3%, maturing February 1, 2028	\$ 233,515	\$ (11,245)	\$ 222,270	\$ 11,587
MDA for drainage project, bearing interest at 3%, maturing September 1, 2014	78,620	(25,501)	53,119	26,277
MDA for drainage project, bearing interest at 4.65%, maturing January 1, 2015	23,193	(5,807)	17,386	6,083
MDA for airport improvements, bearing interest at 3%, maturing April 1, 2011	360	(360)	-	-
MDA for airport infrastructure project, bearing interest at 3%, maturing June 1, 2022	161,651	(13,293)	148,358	13,697
MDA for airport infrastructure project, bearing interest at 3%, maturing June 1, 2022	40,481	(3,251)	37,230	3,349
FEMA Special Community Disaster Loan, bearing interest at 2.67%	718,748	16,671	735,419	-
MDA for airport infrastructure, bearing interest at 3%, maturing July 31, 2027	542,022	(27,291)	514,731	28,121
TOTAL GENERAL GOVERNMENT	1,798,590	(70,077)	1,728,513	89,114
BUSINESS-TYPE				
MS State Department of Health, Drinking Water Systems Improvements, bearing interest at 3.5%, maturing July 1,	176,739	(11,902)	164,837	12,325
FEMA Special Community Disaster Loan, bearing interest at 2.93%	1,155,724	29,644	1,185,368	-
Bancorpsouth, interest at 4.32%, maturing September 3, 2014	76,630	(19,470)	57,160	57,160
Capital Improvements Revolving Loan for AMR project, bearing interest at 2%, maturing March 1, 2032	791,312	477,665	1,268,977	53,942
Capital Improvements Revolving Loan for water distribution project, bearing interest at 2%, maturing November 1, 2032	-	562,530	562,530	19,226
TOTAL BUSINESS-TYPE	2,200,405	1,038,467	3,238,872	142,653
TOTAL GENERAL GOVERNMENT AND BUSINESS-TYPE NOTES PAYABLE	\$ 3,998,995	\$ 968,390	\$ 4,967,385	\$ 231,767

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 5 – LONG-TERM DEBT – Continued

(A) Notes Payable (Continued)

Principal and interest are as follows:

Governmental Activities	Principal	Interest	Total Requirements
9/30/2013	89,114	28,940	118,054
9/30/2014	91,694	26,125	117,819
9/30/2015	65,191	23,608	88,799
9/30/2016	797,511	21,677	819,188
9/30/2017	63,525	19,788	83,313
Thereafter	621,477	90,949	712,426
Total	<u>\$ 1,728,512</u>	<u>\$ 211,087</u>	<u>\$ 1,939,599</u>

Business-Type Activities	Principal	Interest	Total Requirements
9/30/2013	142,653	41,248	183,901
9/30/2014	91,292	39,249	130,541
9/30/2015	93,331	37,201	130,532
9/30/2016	1,280,908	35,106	1,316,014
9/30/2017	97,679	32,962	130,641
Thereafter	1,533,009	227,889	1,760,898
Total	<u>\$ 3,238,872</u>	<u>\$ 413,655</u>	<u>\$ 3,652,527</u>

Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a City issues bonds to repair or replace washed out or collapsed bridges on the public roads of the City. As of September 30, 2012, the amount of outstanding debt was equal to 19.27% of the latest property assessments.

**CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

NOTE 6 – INTERFUND TRANSACTIONS

(A) Interfund Receivables and Payables

Generally, outstanding balances between funds 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 non-current portion of interfund loans).

Fund	Governmental Type		Business Type	
	Due From Other Funds	Due To Other Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 2,959,507	\$ 229,508	\$ -	\$ -
Court E&M Fund	14,172	-	-	-
Special Police Drug Fund	-	2,800	-	-
Economic Development Fund	10,847	-	-	-
Airport Fund	-	1,082,766	-	-
Sales Tax Fund	5,510	-	-	-
Unemployment Trust Fund	-	-	-	-
Utility Fund	-	-	1,936	1,889,110
Cemetery Fund	-	-	2,439	53
Sewer Fund	-	-	209,826	-
Total	\$ 2,990,036	\$ 1,315,074	\$ 214,201	\$ 1,889,163

Summary of Due To / Due From	9/30/2012	
	Governmental	Business-Type
Due from other funds	\$ 2,990,036	\$ 214,201
Due to other funds	\$ (1,315,074)	\$ (1,889,163)
Net balance	\$ 1,674,962	\$ (1,674,962)

NOTE 7 – DEFICIT FUND NET ASSETS

At September 30, 2012, there is a deficit fund balance in the Airport Fund of \$759,806.

NOTE 8 – 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. 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 PFPRC is not determinable at this time.

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 8 – JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION (Continued)

Jointly Governed Organization

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, 2012, consisted of 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 an initial term of ten years with an option to extend the term of the Agreement by an additional 24 months at the expiration of the primary term. For the fiscal year ended September 30, 2012, payments to MGAM for gas purchases amount to \$773,295. The payments are included in utility "expenses" on the Statement of Activities and are included in "purchase of gas" on the Statement of Revenues, Expenses, and Changes in Fund Net Assets -- Proprietary Funds.

NOTE 9 – RETIREMENT PLANS

The City of Picayune, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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.

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City of Picayune, Mississippi is required to contribute at an actuarially determined rate. The current rate is 14.26% (up from 12.0% as of July 1, 2012) of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

NOTE 10 – 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

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

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. On August 1, 2009, 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.

NOTE 11 – 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 non-profit 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, 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 non-profit 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.

The City has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenditures/expenses. Insurance settlements have not exceeded insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PICAYUNE
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Taxes	\$ 2,097,908	\$ 2,129,908	\$ 1,868,423	\$ (261,485)
Licenses and permits	695,575	713,000	802,658	89,658
Intergovernmental	4,534,486	4,882,018	4,825,883	(56,135)
Charges for services	42,500	24,000	-	(24,000)
Fines & forfeits	371,300	371,300	345,581	(25,719)
Miscellaneous	6,500	63,673	123,780	60,107
Transfers	-	177,693	177,693	-
Interest earnings	20,000	20,000	41,437	21,437
Grants	-	-	634,338	634,338
Other revenue	-	-	152,160	152,160
Total revenues	<u>7,768,269</u>	<u>8,381,592</u>	<u>8,971,953</u>	<u>590,361</u>
Beginning Cash Balance	1,471,473	2,588,106	6,489,657	3,901,551
Total Revenues from All Sources	<u>9,239,742</u>	<u>10,969,698</u>	<u>15,461,610</u>	<u>4,491,912</u>
EXPENDITURES				
General Government	1,249,937	2,395,978	3,064,166	668,188
Public Safety	4,799,595	4,833,350	4,675,388	(157,962)
Public Works	1,373,295	1,888,313	1,859,572	(28,741)
Culture and Recreation	-	-	127,883	127,883
Economic Development	-	-	18,404	18,404
Aid to other governments	24,880	24,880	-	(24,880)
Transfers to other funds	320,547	342,346	615,081	272,735
Total expenditures	<u>7,768,254</u>	<u>9,484,867</u>	<u>10,360,494</u>	<u>875,627</u>
Ending Cash Balance	1,471,488	1,484,831	5,162,314	3,677,483
Total Expenditures from All Sources	<u>\$ 9,239,742</u>	<u>\$ 10,969,698</u>	<u>\$ 15,522,808</u>	<u>\$ 4,553,110</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,198)</u>	<u>\$ (61,198)</u>

**CITY OF PICAYUNE
NOTE TO BUDGETARY COMPARISON SCHEDULES (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED SEPTEMBER 30, 2012**

A. Budgetary Information.

The City follows these procedures in establishing the budgetary date reflected in the financial statements:

Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted at the City Hall to obtain taxpayer comments. No later than September 15, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund types. 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 level.

SUPPLEMENTAL INFORMATION

**CITY OF PICAYUNE
SCHEDULE OF SURETY BONDS, FOR CITY OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Covered	Surety Company	Coverage Amount
Mayor	RLI Surety	\$ 100,000
Council Members	RLI Surety	100,000 each
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

CITY OF PICAYUNE
SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS
 September 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditure s</u>
Environmental Protection Agency passed through the Mississippi Department of Environmental Quality Congressionally Mandated Projects	66.202		\$ 857,726 *
ARRA - CERCLA Superfund State Cooperative Agreement	66.802		<u>1,700</u>
Total Environmental Protection Agency			<u>859,426</u>
U.S. Department of Homeland Security passed through the Mississippi Dept of Public Safety - Dept of Homeland Security Hazard Mitigation Grant	97.039		33,965
Homeland Security Grant Program	97.037		<u>9,164</u>
			<u>43,129</u>
U.S. Department of Housing and Urban Development passed through the Mississippi Department Authority C.D.B.G. State Programs	14.228		667,008 *
U.S. Department of Justice passed through the Mississippi Department of Public Safety: Bulletproof Vest Partnership Program	16.607		3,062
Edward Byrne Memorial Justice Assistance Grant	16.544		3,728
ARRA - Violence Against Women Formula Grants	16.588		29,830
University of Southern Mississippi: Project Safe Neighborhood	16.609		<u>13,616</u>
Total Department of Justice			<u>50,236</u>
U.S. Department of Transportation passed through the Mississippi Department of Transportation Alcohol Countermeasures Program	20.607		98,694
Technical Assistance Grant	20.710		5,048
ARRA - Highway Planning and Construction	20.205		<u>302,317 *</u>
			<u>406,059</u>
TOTAL FEDERAL ASSISTANCE PROGRAMS			<u><u>\$ 2,025,858</u></u>

* Major Programs

**CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1: BASIS OF PRESENTATION

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, 2012.

See Independent Auditor's Report.

SPECIAL REPORTS

Keene, Bourne, Sanderson, Haigler & Eavenson, PA

CERTIFIED PUBLIC ACCOUNTANTS
(A Professional Association)

JOHN M. KEENE, CPA
PAMELA W. BOURNE, CPA
C. RONALD SANDERSON, CPA
T. ASHTON HAIGLER, CPA, CVA
CHELLE K. EAVENSON, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the City of Picayune, Mississippi, as of and for the year ended September 30, 2012, and have issued my report thereon dated February 19, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

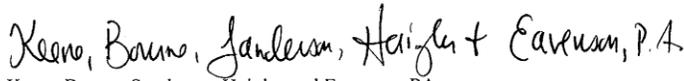
Compliance

As a part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low risk that misstatements in amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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


Keene Bourne Sanderson Haigler and Eavenson PA
Certified Public Accountants

February 19, 2013

37

12 PROFESSIONAL PARKWAY | HATTIESBURG, MS 39402 | PHONE: 601.296.2521 | FAX: 601.296.2534 | www.kbscpa.net

MEMBERS:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS | MISSISSIPPI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF CERTIFIED VALUATION ANALYSTS | LOUISIANA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
ALABAMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Keene, Bourne, Sanderson, Haigler & Eavenson, PA

CERTIFIED PUBLIC ACCOUNTANTS
(A Professional Association)

JOHN M. KEENE, CPA
PAMELA W. BOURNE, CPA
C. RONALD SANDERSON, CPA
T. ASHTON HAIGLER, CPA, CVA
CHELLE K. EAVENSON, CPA

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

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

Compliance

We have audited the compliance of the 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 its major federal program for the year ended September 30, 2012. The City of Picayune, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Picayune, Mississippi's management. Our responsibility is to express an opinion on the City of Picayune, Mississippi'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 of Picayune, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Picayune, Mississippi's compliance with those requirements.

In our opinion, the City of Picayune, Mississippi, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2012.

Internal Control Over Compliance

The management of the City of Picayune, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Picayune, Mississippi's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

38

12 PROFESSIONAL PARKWAY | HATTIESBURG, MS 39402 | PHONE: 601.296.2521 | FAX: 601.296.2534 | www.kbscpa.net

MEMBERS:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS | MISSISSIPPI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF CERTIFIED VALUATION ANALYSTS | LOUISIANA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
ALABAMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

REGULAR MEETING FEBRUARY 19, 2013

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of management 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.

Keene, Bourne, Sanderson, Haigler & Eavenson, P.A.

Keene Bourne Sanderson Haigler and Eavenson PA
Certified Public Accountants

February 19, 2013

Keene, Bourne, Sanderson, Haigler & Eavenson, PA

CERTIFIED PUBLIC ACCOUNTANTS
(A Professional Association)

JOHN M. KEENE, CPA
PAMELA W. BOURNE, CPA
C. RONALD SANDERSON, CPA
T. ASHTON HAIGLER, CPA, CVA
CHELIE K. EAVENSON, CPA

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

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

We have audited the financial statements of the City of Picayune, Mississippi, as of and for the year ended September 30, 2012, and have issued our report thereon dated February 19, 2013. We conducted our audit in accordance with generally accepted 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 general purpose financial statements disclosed no instances of noncompliance with state laws and regulations.

This report is intended for the information of the City's management. However, this report is a matter of public record and its distribution is not limited.



Keene Bourne Sanderson Haigler and Eavenson PA
Certified Public Accountants

February 19, 2013

MEMBERS:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS | MISSISSIPPI SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
NATIONAL ASSOCIATION OF CERTIFIED VALUATION ANALYSTS | LOUISIANA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
ALABAMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF PICAYUNE
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|-------------|
| 1. Type of auditor's report issued on financial statements: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Reportable conditions identified that is not considered to be a material weakness? | No |
| 3. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|--|-------------|
| 4. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Reportable conditions identified that is not considered to be a material weakness? | No |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 6. Any audit finding(s) reported as requirements as required by Section __.510(a) of Circular A-133? | No |
| 7. Federal programs identified as major programs: | |
| a. Environmental Protection Agency – Congressionally Mandated Projects | |
| b. Department of Housing and Urban Development – CDBG State Programs | |
| c. U. S. Department of Transportation – ARRA Highway Planning and Construction | |
| 8. The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | No |
| 10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

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

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.

AT THIS TIME A PRESENTATION WAS MADE BY JUDICIAL COURT SERVICES REGARDING FINE COLLECTIONS

APPROVE SUBMISSION OF THE 2013 SAFE ROUTES TO SCHOOL PROGRAM GRANT APPLICATION

Motion was made by Council Member Lane, seconded by Council Member Gouguet to approve submission of the 2013 Safe Routes to School Program grant application.

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 HOME OCCUPATIONAL LICENSE REQUEST FROM ROBERTA LITTLES AT 715 S HAUGH AVE APT. 5

Motion was made by Council Member Lane, seconded by Council Member Gouguet to accept Planning Commission recommendation to approve request from Roberta Little for a Home Occupation license at 715 S Haugh Ave. Apt 5 to have an office for the purpose of having online sales of Remy Hair and Wigs. The property is zoned C-3 and there will be no stock and trade.

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 RICHARD AND CHRISTIAN BURGE TO REZONE PROPERTY

Motion was made by Council Member Lane, seconded by Council Member Watkins to accept Planning Commission recommendation to approve request from Richard and Christian Burge to rezone their property at 220 N Haugh Ave from R-2 to C-2.

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 SET A DATE FOR A PUBLIC HEARING

Motion was made by Council Member Lane, seconded by Council Member Watkins to set a date for a public hearing of March 19, 2013 for property cleanup at the following addresses:

Harris St.	parcel 6176140030401200
S Curran Ave.	parcel 6176140030401300
Harris St.	parcel 6176140030402000
Culpepper St.	parcel 6176140030503400
701 S. Curran Ave	parcel 6176140030503500

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 CHANGE ORDER WITH MAC'S CONSTRUCTION

Motion was made by Council Member Breland, seconded by Council Member Lane to authorize City Manager to sign Change Order with Mac's Construction to excavate sub-standard soil from new Quince Street location and replace with new fill.

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 CHANGE ORDER WITH MAC'S CONSTRUCTION

Motion was made by Council Member Breland, seconded by Council Member Gouguet to authorize City Manager to sign Change Order with Mac's Construction to perform additional repairs and modifications to the controls for the boiler, which provides heat to historic City Hall.



MAC'S
CONSTRUCTION COMPANY INC.

February 6, 2013

City of Picayune
815 N. Beech Street
Picayune, MS 39466

Attn: Eric Morris

**Re: Picayune City Hall Expansion
Picayune, MS**

Dear Eric:

We are pleased to quote the project as follows:

To install new controls for the boiler and chiller

Includes: New actuators for hot water and chilled water valves
New relays
New time delays
New outdoor bulb temperature sensor

Total Price \$ 6,527.00

Quotation is subject to review in fifteen days.

Sincerely,

MAC'S CONSTRUCTION COMPANY, INC.

A handwritten signature in blue ink, appearing to read 'Hal McMahon'.

Hal McMahon

6555 US HWY 98 W, SUITE 13 | HATTIESBURG, MS 39402 | P:601.264.8648 | F:601.268.3805
WWW.MACSCONSTRUCTION.COM

63

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.

AMEND SECTION 7.000 OF THE CITY OF PICAYUNE PERSONNEL POLICIES AND PROCEDURES HANDBOOK

Motion was made by Council Member Breland, seconded by Council Member Watkins to approve request to amend Section 7.000 of the City of Picayune Personnel Policies and Procedures Handbook pertaining to “take home vehicles”.

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 OUT OF STATE TRAVEL FOR FIRE CHIEF KEITH BROWN

Motion was made by Council Member Breland, seconded by Council Member Lane to authorize out of state travel for Fire Chief Keith Brown to attend the “2013 National Hurricane Conference” in New Orleans, LA, March 25-28, 2013.

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 OUT OF STATE TRAVEL FOR FIRE CHIEF KEITH BROWN

Motion was made by Council Member Breland, seconded by Council Member Gouguet to authorize out of state travel for Fire Chief Keith Brown to attend “Congressional Fire Service Institutes 25th Annual Emergency Services Seminar” to be held May 7-10, 2013 in Washington, DC.

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 Lane to adjourn until Tuesday, March 19, 2013 at 5:00 pm.

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.

Ed Pinero, Mayor

ATTEST:

Amber Hinton, City Clerk