

**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, 203 Goodyear Blvd., in said City, Tuesday, March 3, 2015, at 5:00 p.m. in regular session with the following officials present: Mayor Ed Pinero, Council Members Tammy Valente, Lynn Bumpers, Larry Breland and Wayne Gouguet, and City Manager Jim Luke and City Clerk Amber Hinton. Council Member Jan Stevens was absent.

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

Opening prayer was given by Rev. John Goss, followed by the Pledge of Allegiance led by Mayor Ed Pinero.

ORDER TO APPROVE MINUTES

Motion was made by Council Member Bumpers, seconded by Council Member Gouguet to approve the Minutes for the City of Picayune dated February 17, 2015.

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

ACKNOWLEDGE RECEIPT OF MONTHLY BUDGET REPORT

Motion was made by Council Member Bumpers, seconded by Council Member Gouguet to acknowledge receipt of monthly budget report for the month of February 2015.

AF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 2/27/2015

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Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Revenues						
351-000-232.14-000-000 FAA-REHABILITATE RUNWAY	500,000	0	0	208,333	(208,333)	0
351-000-341.01-000-000 RENT T-HANGARS	78,960	2,450	63,225	32,775	30,450	80
351-000-341.02-000-000 GROUND LEASES	12,480	0	9,600	5,200	4,400	77
351-000-374.00-000-000 FUEL SALES	4,000	263	1,517	1,667	(150)	38
Total Revenues	595,140	2,713	74,342	247,975	(173,633)	12
Expenditures						
Airport Expenses						
PERSONNEL	57,868	4,095	20,437	24,112	3,675	35
SUPPLIES	6,300	0	1,451	2,625	1,174	23
OUTSIDE SERVICES	55,756	3,682	30,577	23,230	(7,347)	55
CAPITAL OUTLAY	0	0	0	(320,833)	(320,833)	0
Total Airport Expenses	119,924	7,777	52,465	(270,866)	(323,331)	44
Total Expenditures	119,924	7,777	52,465	(270,866)	(323,331)	44
Excess Revenue Over (Under) Expenditures	475,216	(5,064)	21,877	518,841	149,698	5

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CF Statement of Activity - MTD and YTD with Budget
 City of Picayune
 For 2/27/2015

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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	0	(184)	(41)	0	(41)	0
406-000-340.00-000-000 INTEREST INCOME	200	0	106	83	23	53
406-000-365.00-000-000 MISCELLANEOUS INCOME	350	0	0	146	(146)	0
406-000-380.01-000-000 TRANSFER FROM GENERAL FUND	69,000	5,750	28,750	28,750	0	42
406-000-382.00-000-000 SALE OF LOTS	20,000	1,005	6,931	8,333	(1,402)	35
Total Revenues	89,550	6,571	35,746	37,312	(1,566)	40
Expenditures						
Cemetery Expenses						
PERSONNEL	76,355	2,609	14,953	31,814	16,861	20
SUPPLIES	7,987	425	2,505	3,328	823	31
OUTSIDE SERVICES	3,300	851	1,213	1,375	162	37
Total Cemetery Expenses	87,642	3,885	18,671	36,517	17,846	21
Total Expenditures	87,642	3,885	18,671	36,517	17,846	21
Excess Revenue Over (Under) Expenditures	1,908	2,686	17,075	795	(19,412)	895

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ED Statement of Activity - MTD and YTD with Budget
City of Picayune
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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	250	0	401	104	297	161
110-043-340.01-000-000 INTEREST INCOME - FARMER FRESH	0	1,358	6,833	0	6,833	0
110-043-341.00-000-000 RENT	67,875	0	0	28,281	(28,281)	0
110-402-260.00-000-000 SALES TAX-TOURISM	415,000	34,473	172,990	172,917	73	42
110-402-314.00-000-000 PARK BLDG RENTAL FEES	2,500	150	730	1,042	(312)	29
110-402-314.03-000-000 PARK FIELD RENTAL FEES	1,138	800	1,900	474	1,426	167
110-402-314.06-000-000 PARK TOURNAMENT FEES	550	0	500	229	271	91
110-402-314.07-000-000 PARK CONCESSION REVENUE	100	0	0	42	(42)	0
110-402-340.00-000-000 INTEREST INCOME-TOURISM IMPROVEMENTS	250	0	56	104	(48)	23
110-402-346.01-000-000 PARK FUNDRAISER	0	0	1,000	0	1,000	0
110-402-355.00-000-000 MISC INCOME	0	700	700	0	700	0
110-402-380.00-000-000 TRANSFER FROM OTHER FUNDS	104,500	0	0	43,542	(43,542)	0
Total Revenues	592,163	37,481	185,110	246,735	(61,625)	31
Expenditures						
Sale of Lots Expenses						
OUTSIDE SERVICES	5,000	380	1,900	2,083	183	38
CAPITAL OUTLAY	100,001	0	73,278	100,001	26,723	73
Total Sale of Lots Expenses	105,001	380	75,178	102,084	26,906	72
Recreation Expenses						
PERSONNEL	124,465	9,404	46,419	51,861	5,442	37
SUPPLIES	45,000	3,089	11,297	18,749	7,452	25
OUTSIDE SERVICES	140,947	7,049	39,842	58,727	18,885	28
CAPITAL OUTLAY	3,891	0	1,841	3,891	2,051	47
Total Recreation Expenses	314,303	19,542	99,399	133,228	33,830	32
Retirement Development Expenses						
Total Expenditures	419,304	19,922	174,577	235,312	60,736	42
Excess Revenue Over (Under) Expenditures	172,859	17,559	10,533	11,423	(122,361)	6

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**GF Statement of Activity - MTD and YTD with Budget
City of Picayune
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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 VALOREM TAXES-CURRENT	1,290,836	563,851	996,824	537,848	458,976	77
001-000-201.00-000-000 AUTO AND MOBILE HOME	226,443	16,225	83,245	94,351	(11,106)	37
001-000-202.00-000-000 PERSONAL TAXES	366,947	232,164	299,034	152,895	146,139	81
001-000-203.00-000-000 AD VALOREM-DELINQUENT	1,000	0	0	417	(417)	0
001-000-210.00-000-000 PENALTIES & INTEREST	24,588	450	2,783	10,245	(7,462)	11
001-000-214.00-000-000 TAX COLLECTION COSTS	65,133	28,845	47,910	27,159	20,771	74
001-000-220.00-000-000 PRIVILEGE LICENSES	37,654	587	5,665	15,689	(10,024)	15
001-000-220.01-000-000 LIQUOR PRIVILEGE TAX	3,825	0	1,800	1,594	206	47
001-000-221.00-000-000 FRANCHISE CHARGES-UTILITIES	662,686	131,328	353,889	276,119	77,770	53
001-000-222.00-000-000 BUILDING PERMITS	55,000	3,772	30,919	23,917	8,002	56
001-000-223.00-000-000 PLANNING/ZONING APPLICATIONS	8,000	0	0	3,333	(3,333)	0
001-000-224.00-000-000 LOT CLEAN UP	20,000	2,110	10,957	8,333	2,624	55
001-000-225.00-000-000 SPECIAL USE RESORT ZONING PERMITS	0	0	(39,000)	0	(39,000)	0
001-000-241.00-000-000 FEDERAL PAYMENT IN LIEU OF	27,500	0	0	11,458	(11,458)	0
001-000-245.01-000-000 STATE WIRELESS FUND	8,657	0	8,657	3,607	5,050	100
001-000-247.02-000-000 BULLET PROOF VEST	0	0	4,103	0	4,103	0
001-000-250.00-000-000 MUNICIPAL-STATE AID	17,500	2,040	11,847	7,282	4,565	68
001-000-251.00-000-000 HOMESTEAD EXEMPTION REIMB.	150,000	0	0	62,500	(62,500)	0
001-000-260.00-000-000 GENERAL SALES TAX	4,170,045	408,148	1,887,420	1,737,519	149,901	45
001-000-262.01-000-000 MUN. FIRE REBATE FUND - FOR LTD	56,136	0	0	23,390	(23,390)	0
001-000-262.02-000-000 1/4 MILL LEVY FIRE PROTECTION	19,987	8,719	14,437	8,328	6,109	72
001-000-262.03-000-000 MUN. FIRE REBATE FUNDS-FOR CODE	1,831	0	0	763	(763)	0
001-000-263.00-000-000 POLICE MINIMUM STANDARDS	15,000	0	7,200	6,250	950	48
001-000-271.00-000-000 ROAD & BRIDGE TAXES	220,000	97,920	161,852	91,667	70,185	74
001-000-276.00-000-000 SCHOOL PATROL	120,696	0	111,822	50,290	61,232	92
001-000-288.00-000-000 MUN COURT WARRANT OFFICER	13,000	70	3,488	5,417	(1,929)	27
001-000-330.00-000-000 COURT FINES & FEES	303,000	959	83,152	126,250	(43,098)	27
001-000-334.00-000-000 SPECIAL POLICE SERVICE	22,500	1,810	10,152	9,375	777	45
001-000-335.00-000-000 POLICE EQUIP ASSESSMENTS	2,000	71	346	833	(487)	17
001-000-336.02-000-000 COURT EQUIPMENT	0	0	20	0	20	0
001-000-336.05-000-000 COLLECTION FEE	100	8	223	42	181	223
001-000-336.10-000-000 MUNICIPAL COURT EVIDENCE	10,200	50	3,389	4,250	(861)	33
001-000-340.00-000-000 INTEREST EARNED	20,000	2,163	5,065	8,333	(3,268)	25
001-000-355.00-000-000 MISCELLANEOUS INCOME	14,000	278	4,440	5,833	(1,393)	32
001-000-380.07-000-000 TRANSFER FROM CAPITAL PROJECTS FUND	80,879	0	17,000	33,700	(16,700)	21
001-000-393.04-000-000 SALE OF SCRAP METAL-MAINTENANCE	0	0	184	0	184	0
Total Revenues	8,035,143	1,501,668	4,128,523	3,347,977	780,546	51
Expenditures						
Municipal Council Expenses						
PERSONNEL	67,163	5,066	24,851	27,984	3,133	37

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**GF Statement of Activity - MTD and YTD with Budget
City of Picayune
For 2/27/2015**

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	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Financial Report						
SUPPLIES	500	419	489	208	(281)	100
OUTSIDE SERVICES	54,750	5,951	28,564	22,812	(5,752)	52
CAPITAL OUTLAY	1,449	0	1,449	1,449	0	100
Total Municipal Council Expenses	123,662	11,436	55,363	52,463	(2,910)	45
Municipal Court Expenses						
PERSONNEL	268,606	21,241	101,332	111,919	10,587	38
SUPPLIES	4,250	0	1,089	1,771	682	26
OUTSIDE SERVICES	68,125	7,434	31,604	28,386	(3,218)	46
Total Municipal Court Expenses	340,981	28,675	134,025	142,076	8,051	39
City Attorney Expenses						
PERSONNEL	19,616	742	3,630	8,173	4,543	19
OUTSIDE SERVICES	20,000	1,290	6,049	8,333	2,284	30
Total City Attorney Expenses	39,616	2,032	9,679	16,506	6,827	24
City Manager Expenses						
PERSONNEL	98,290	7,680	37,614	40,955	3,341	38
SUPPLIES	6,000	451	1,034	2,499	1,465	17
OUTSIDE SERVICES	15,300	313	2,763	6,374	3,611	18
Total City Manager Expenses	119,590	8,344	41,411	49,828	8,417	35
General Services Expenses						
PERSONNEL	17,307	1,322	6,471	7,212	741	37
SUPPLIES	7,700	413	1,521	3,208	1,687	20
OUTSIDE SERVICES	200,173	4,845	141,994	83,405	(58,589)	71
Total General Services Expenses	225,180	6,580	149,986	93,825	(56,161)	67
Financial Expenses						
PERSONNEL	141,525	10,943	54,215	58,969	4,754	38
SUPPLIES	7,500	86	1,231	3,125	1,894	16
OUTSIDE SERVICES	69,625	1,791	17,251	29,011	11,760	25
Total Financial Expenses	218,650	12,820	72,697	91,105	18,408	33
Grant Expenses						
PERSONNEL	20,793	1,708	8,049	8,664	615	39
SUPPLIES	4,000	36	396	1,667	1,271	10
OUTSIDE SERVICES	7,950	330	3,036	3,897	861	38
Total Grant Expenses	32,743	2,074	11,481	14,228	2,747	35
Code Enforcement Expenses						
PERSONNEL	150,905	11,798	58,371	62,878	4,507	39
SUPPLIES	4,300	311	1,472	1,792	320	34
OUTSIDE SERVICES	41,650	1,850	23,611	17,353	(6,258)	57
Total Code Enforcement Expenses	196,855	13,959	83,454	82,023	(1,431)	42
Police Administration Expenses						
PERSONNEL	126,602	9,915	49,805	52,751	2,946	39
SUPPLIES	7,500	76	1,121	3,125	2,004	15
OUTSIDE SERVICES	56,025	4,132	20,242	23,344	3,102	96

**GF Statement of Activity - MTD and YTD with Budget
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For 2/27/2015**

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Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
CAPITAL OUTLAY	8,657	0	0	3,607	3,607	0
Total Police Administration Expenses	198,784	14,123	71,168	82,827	11,659	36
<u>Patrol & Investigations Expenses</u>						
PERSONNEL	1,398,337	102,253	524,797	582,641	57,844	38
SUPPLIES	136,750	6,816	43,048	56,979	13,931	31
OUTSIDE SERVICES	100,906	8,433	34,153	42,045	7,892	34
Total Patrol & Investigations Expenses	1,635,993	117,502	601,998	681,665	79,667	37
<u>Domestic Violence Grant Expenses</u>						
SUPPLIES	1,000	0	0	417	417	0
Total Domestic Violence Grant Expenses	1,000	0	0	417	417	0
<u>Custody of Prisoners Expenses</u>						
PERSONNEL	170,227	11,139	57,174	70,929	13,755	34
SUPPLIES	61,500	5,219	17,736	23,626	7,890	29
OUTSIDE SERVICES	53,500	18,513	35,146	44,458	9,312	66
Total Custody of Prisoners Expenses	285,227	34,871	110,056	141,013	30,957	39
<u>Alcohol Countermeasures Grant Expenses</u>						
<u>Records & Communications Expenses</u>						
PERSONNEL	357,332	27,046	138,259	148,888	10,629	39
SUPPLIES	6,500	0	704	2,709	2,005	11
OUTSIDE SERVICES	20,300	233	9,857	8,459	(1,398)	49
Total Records & Communications Expenses	384,132	27,279	148,820	160,056	11,236	39
<u>School Patrol Expenses</u>						
PERSONNEL	173,763	10,206	63,799	72,402	8,603	37
SUPPLIES	6,000	584	3,191	2,500	(691)	53
OUTSIDE SERVICES	3,750	212	1,121	1,562	441	30
Total School Patrol Expenses	183,513	11,002	68,111	76,464	8,353	37
<u>Animal Control Expenses</u>						
PERSONNEL	30,601	2,365	11,647	12,751	1,104	38
SUPPLIES	2,780	222	1,030	1,159	129	37
OUTSIDE SERVICES	42,650	3,425	21,224	14,854	(6,370)	50
Total Animal Control Expenses	76,031	6,012	33,901	28,764	(5,137)	45
<u>Fire Department Expenses</u>						
PERSONNEL	2,006,143	157,639	784,200	835,892	51,692	39
SUPPLIES	54,600	2,195	11,971	22,790	10,779	22
OUTSIDE SERVICES	82,889	8,870	39,261	34,537	(4,724)	47
Total Fire Department Expenses	2,143,632	168,704	835,432	893,179	57,747	39
<u>Streets & Drainage Expenses</u>						
PERSONNEL	328,630	27,137	128,762	136,929	8,167	39
SUPPLIES	169,105	9,854	56,936	70,459	13,523	34
OUTSIDE SERVICES	302,050	40,968	150,138	125,854	(24,284)	50
CAPITAL OUTLAY	49,500	0	41,640	49,500	7,860	84

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**GF Statement of Activity - MTD and YTD with Budget
City of Picayune
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	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
Financial Report						
Total Streets & Drainage Expenses	849,285	77,959	377,476	382,742	5,266	44
<u>Grounds & Beautification Expenses</u>						
PERSONNEL	344,870	19,804	120,473	143,695	23,222	35
SUPPLIES	94,844	6,009	24,884	39,518	14,684	26
OUTSIDE SERVICES	20,950	4,623	10,050	8,729	(1,301)	48
Total Grounds & Beautification Expenses	460,664	30,436	155,337	191,942	36,605	34
<u>Equipment Maintenance Expenses</u>						
PERSONNEL	45,331	2,486	12,359	19,305	6,946	27
SUPPLIES	14,110	241	1,265	5,880	4,615	9
OUTSIDE SERVICES	10,300	596	2,971	4,291	1,320	29
CAPITAL OUTLAY	184	0	184	184	0	100
Total Equipment Maintenance Expenses	70,925	3,323	16,779	29,660	12,881	24
<u>Transfers Expenses</u>						
OUTSIDE SERVICES	433,318	283,204	306,204	180,549	(125,655)	71
Total Transfers Expenses	433,318	283,204	306,204	180,549	(125,655)	71
<u>Aid to Other Govts Expenses</u>						
OUTSIDE SERVICES	19,280	1,607	8,033	8,033	0	42
Total Aid to Other Govts Expenses	19,280	1,607	8,033	8,033	0	42
Total Expenditures	8,039,261	861,942	3,291,411	3,399,355	107,944	41
Excess Revenue Over (Under) Expenditures	(4,118)	639,726	837,112	(51,378)	672,602	20,328

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UF Statement of Activity - MTD and YTD with Budget
 City of Picayune
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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	2,041	3,125	(1,084)	27
405-000-340.04-000-000 2013 REVENUE BOND INTEREST EARNED	2,640	0	607	1,100	(493)	23
405-000-351.02-000-000 MISC TAP INCOME	25,000	0	9,050	10,417	(1,367)	36
405-000-352.00-000-000 PRCUA BILLING/AMR PAYMENTS	54,000	4,613	23,115	22,500	615	43
405-000-355.00-000-000 MISC INCOME	112,000	4,602	32,030	46,667	(14,637)	29
405-000-355.01-000-000 MISC INCOME BAGS	4,000	200	1,228	1,667	(439)	31
405-000-360.01-000-000 METERED SALES WATER	1,721,138	125,443	644,117	717,141	(73,024)	37
405-000-360.02-000-000 METERED SALES GAS	2,235,400	272,446	1,360,616	931,417	429,199	61
405-000-362.00-000-000 SERVICE CONNECTION CHARGES	2,000	125	686	833	(147)	34
405-000-364.00-000-000 UTILITY LATE CHARGES	145,000	14,224	66,454	60,417	6,037	46
405-000-365.00-000-000 GARBAGE REVENUE	915,000	81,850	408,727	381,250	27,477	45
405-000-393.02-000-000 SALE OF EQUIPMENT & MACHINERY	0	508	22,680	0	22,680	0
Total Revenues	5,223,878	504,011	2,571,351	2,176,534	394,817	49
Expenditures						
Intrafund Transfers Expenses						
TRANSFERS	100,000	8,333	41,667	41,667	0	42
Total Intrafund Transfers Expenses	100,000	8,333	41,667	41,667	0	42
Utility Administration Expenses						
PERSONNEL	564,707	46,276	226,552	235,295	8,743	40
SUPPLIES	29,000	400	5,336	12,084	6,748	18
OUTSIDE SERVICES	185,250	2,965	82,052	77,188	(4,864)	44
Total Utility Administration Expenses	778,957	49,641	313,940	324,567	10,627	40
Director of Public Works Expenses						
PERSONNEL	159,997	12,574	62,245	66,666	4,421	39
SUPPLIES	16,816	1,497	3,773	7,284	3,511	23
OUTSIDE SERVICES	72,915	6,289	32,631	26,473	(6,158)	45
CAPITAL OUTLAY	31,583	441	8,759	30,416	21,657	28
Total Director of Public Works Expenses	281,111	20,801	107,408	130,839	23,431	38
Water Regulations Expenses						
PERSONNEL	44,627	5,937	24,433	18,594	(5,839)	55
SUPPLIES	39,950	1,689	13,034	16,645	3,611	33
OUTSIDE SERVICES	6,608	1,515	2,518	2,763	235	38
Total Water Regulations Expenses	91,185	9,141	39,985	37,992	(1,993)	44
Well and Pump Maintenance Expenses						
SUPPLIES	18,975	0	3,293	7,906	4,613	17
OUTSIDE SERVICES	94,582	9,588	36,051	39,409	3,358	38
Total Well and Pump Maintenance Expenses	113,557	9,588	39,344	47,315	7,971	35

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Financial Report	Annual Budget	M-T-D Actual	Y-T-D Actual + Encumbrances	Y-T-D Budget	Variance	Percent YTD
<u>Sewer Construction Expenses</u>						
PERSONNEL	200,877	11,521	63,963	99,961	36,008	32
SUPPLIES	40,135	7,743	17,104	16,723	(381)	43
OUTSIDE SERVICES	30,630	576	7,729	12,764	5,035	25
Total Utility Construction Expenses	271,642	19,840	88,796	129,448	40,662	33
<u>Water Operations Expenses</u>						
PERSONNEL	311,668	19,593	91,569	121,732	30,163	29
SUPPLIES	139,025	9,035	70,145	57,927	(12,218)	50
OUTSIDE SERVICES	20,350	1,279	14,811	8,479	(6,332)	73
CAPITAL OUTLAY	163,656	0	0	79,940	79,940	0
Total Water Operations Expenses	634,899	29,907	176,525	268,078	91,553	28
<u>Gas Operations Expenses</u>						
PERSONNEL	227,433	25,213	116,142	86,633	(28,509)	51
SUPPLIES	1,436,600	132,800	819,456	598,584	(220,872)	57
OUTSIDE SERVICES	80,300	1,915	32,034	33,458	1,424	40
CAPITAL OUTLAY	2,407,670	267,451	951,550	1,003,196	51,646	40
Total Gas Operations Expenses	4,152,003	427,379	1,919,182	1,721,871	(197,311)	46
<u>Garbage Expenses</u>						
GARBAGE EXPENSES	810,000	72,414	362,246	337,500	(24,746)	45
Total Garbage Expenses	810,000	72,414	362,246	337,500	(24,746)	45
<u>Loan Interest Expenses</u>						
INTEREST EXPENSE	87,957	43,005	60,560	36,649	(23,911)	69
Total Loan Interest Expenses	87,957	43,005	60,560	36,649	(23,911)	69
Total Expenditures	7,321,311	690,049	3,149,643	3,075,926	(73,717)	43
Excess Revenue Over (Under) Expenditures	(2,097,633)	(186,038)	(578,292)	(899,392)	466,534	(28)

20

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

ORDER TO APPROVE DOCKET

Motion was made by Council Member Gouguet, seconded by Council Member Bumpers to approve the docket for March 3, 2015 in the amount of \$1,000,149.97.

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

ACCEPT FY 2014 FINANCIAL AUDIT

Motion was made by Council Member Breland, seconded by Council Member Gouguet to accept the FY 2014 financial audit.

REGULAR MEETING MARCH 3, 2015

CITY OF PICAYUNE, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

CITY OF PICAYUNE, MISSISSIPPI
 AUDITED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This discussion and analysis of the City of Picayune's financial performance provides an overall narrative review of the City's financial activities for the year ended September 30, 2014. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the City's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) Government-wide financial statements, (2) Fund financial statements and (3) Notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain.

The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

Figure 1 – Required Components of the City's Annual Report

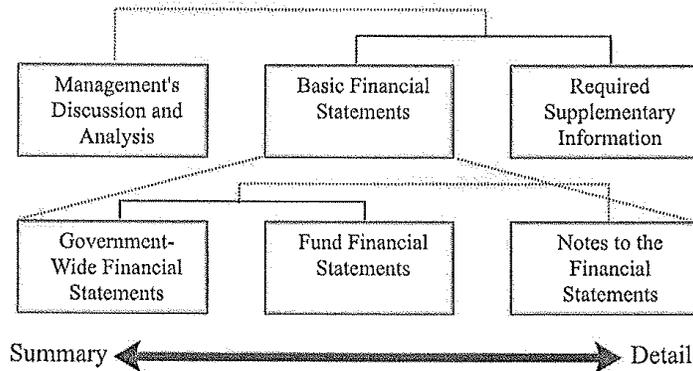


Figure 2 – Major Features of the City’s Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	All activities of the City that are not business-type or fiduciary in nature	Activities of the City that operate similar to private businesses
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City finances, in a manner similar to private-sector businesses.

The **statement of net assets** presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; public safety; public works; culture and recreation; economic development authority; and interest on long-term debt. The business-type activities of the City include water and sewer services.

The Government-wide Financial Statements can be found on Exhibits 1 and 2 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on Exhibits 3.1 and 4.1 respectively.

The City maintains individual governmental funds in accordance with the *Municipal Audit and Accounting Guide* issued by the Office of the State Auditor. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on Exhibits 3 and 4 of this report.

Proprietary funds. The City's proprietary funds are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The City uses enterprise funds to account for the water and sewer service.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Sewer Fund is considered to be a major fund of the City.

The proprietary funds financial statements can be found on Exhibits 5, 6, and 7 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the exhibits in this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the City's budget process.

The City adopts an annual operating budget for all governmental funds and proprietary funds. A budgetary comparison statement has been provided for the General Fund and the Utility Fund.

CURRENT FINANCIAL RELATED ACTIVITIES

During FY 2014, the City of Picayune experienced positive changes in its financial outlook. The City received full cancellation of its \$3.2M Special Community Disaster Loan, including any accrued interest. In addition, the issuance of General Obligation Refunding Bonds, Series 2014, offered the City a savings of approximately \$580,000 over the next 10 years. These savings greatly impacted the financial future of our City.

During the course of the year, the City completed several capital projects which were made possible by grant funding. Hundreds of thousands of grant dollars were received and used for : 1) enhancement of the former hospital site, now known as Crosby Commons; 2) Monroe Branch and Alligator Branch drainage; 3) Downtown Historic Project; 4) overlay of the airport runway and taxi; and 5) Main Street Parking Phase II.

The natural gas cast iron gas main replacement project is approximately 80% complete and is already improving the unaccounted for gas. Moving forward, the City will continue the efforts for upgrading the utility system.

CONTACTING THE CITY'S FINANCIAL DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Amber Hinton, City Clerk, at 601.798.9770.

Keene, Bourne, Sanderson, Haigler & Eavenson, PA

CERTIFIED PUBLIC ACCOUNTANTS

(A Professional Association)

INDEPENDENT AUDITOR'S REPORT

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

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, 2014, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, on our consideration of the City of Picayune, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis on pages 2 - 5 and the budgetary comparison information on pages 34 - 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Picayune, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office

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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 MARCH 3, 2015

of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Keene, Bourne, Sanderson, Haigler & Eavenson, P.A.
Keene Bourne Sanderson Haigler & Eavenson, PA
Certified Public Accountants

March 3, 2015

City of Picayune
Statement of Net Assets
September 30, 2014

EXHIBIT 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,228,055	\$ 4,178,332	\$ 7,406,387
Restricted	-	2,174,081	2,174,081
Investments	1,707,418	474,568	2,181,986
Receivables (net of uncollectibles):			
Accounts	401,723	884,685	1,286,408
Sales Tax	796,087	-	796,087
Property & Ad Valorem Tax	1,859,752	-	1,859,752
Other	224,907	32,708	257,615
Notes Receivable	949,920	-	949,920
Other Assets	592,207	329,629	921,836
Due from Other Funds	3,051,503	255,319	3,306,822
Capital Assets (net of accumulated depreciation):			
Land	2,402,438	172,599	2,575,037
Buildings and Improvements	5,831,208	106,254	5,937,462
Machinery and Equipment	-	509,676	509,676
Mobile Equipment	1,158,549	120,316	1,278,865
Infrastructure	24,874,061	9,337,302	34,211,363
Construction in Progress	24,742	714,000	738,742
Bond Issuance Costs (net of accumulated amortization)	109,894	62,440	172,334
Total Assets	\$ 47,212,464	\$ 19,351,909	\$ 66,564,373
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts Payable	\$ 715,234	\$ 937,109	\$ 1,652,343
Accrued Liabilities	323,286	66,930	390,216
Customer Deposits	-	693,393	693,393
Due to Other Funds	1,481,887	1,824,935	3,306,822
Deferred Revenue	1,859,752	-	1,859,752
Assets Held for Others	258,493	-	258,493
Non-Current Liabilities:			
Due Within One Year	1,259,397	284,548	1,543,945
Due In More Than One Year	7,926,312	4,911,643	12,837,955
Long-term Compensated Absences	562,986	140,615	703,601
Total Liabilities	14,387,347	8,859,173	23,246,520
Net Assets:			
Invested in Capital Assets, net of related debt	25,105,289	5,763,956	30,869,245
Restricted	3,722,664	3,342,042	7,064,706
Unrestricted	3,997,164	1,386,738	5,383,902
Total Net Assets	32,825,117	10,492,736	43,317,853
Total Liabilities and Net Assets	\$ 47,212,464	\$ 19,351,909	\$ 66,564,373

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

City of Picayune
Statement of Activities
September 30, 2014

EXHIBIT 2

Function/Programs:	Program Revenues				Business-Type Activities	Total
	Expenses	Charges for Services	Operating Grants	Capital Grants		
Governmental Activities:						
General Government	\$ 3,353,839	\$ -	\$ -	\$ -	\$ (3,353,839)	\$ (3,353,839)
Public Safety	5,179,219	-	99,539	-	(5,079,680)	(5,079,680)
Public Works	859,234	-	-	-	(859,234)	(859,234)
Culture and Recreation	108,443	-	-	-	(108,443)	(108,443)
Economic Development	580,954	3,921	-	-	(577,033)	(577,033)
Interest on Long-Term Debt	322,096	-	-	-	(322,096)	(322,096)
Total Governmental Activities	10,403,784	3,921	99,539	-	(10,300,324)	(10,300,324)
Business-type Activities:						
Utility	5,022,145	5,249,676	-	24,688	252,218	252,218
Cemetery	63,758	26,106	-	-	(37,652)	(37,652)
Total Business-type Activities	5,085,903	5,275,782	-	24,688	214,566	214,566
Total Functions/Programs	15,489,687	5,279,703	99,539	24,688	(10,300,324)	(10,085,758)
General Revenues:						
Property Tax and Ad Valorem Tax					2,945,207	2,945,207
Franchise Taxes					688,574	688,574
Sales Tax					4,716,568	4,716,568
Intergovernmental Revenue					501,396	501,396
Licenses, Permits, and Fees					149,119	149,119
Fines and Forfeits					443,921	443,921
Other					577,674	577,674
Loan Forgiveness					760,084	760,084
Transfers In					1,400,493	1,400,493
Transfers Out					(1,469,160)	(1,469,160)
Total General Revenues					10,713,878	10,713,878
Change in Net Assets					413,554	413,554
Net Assets, Beginning of Year					32,411,563	32,411,563
Net Assets, End of Year					\$ 32,825,117	\$ 32,825,117

City of Picayune
Balance Sheet
Governmental Funds
September 30, 2014

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	\$ 1,864,086	\$ 300,029	\$ 601,631	\$ 214,008	\$ 248,301	\$ 3,228,055
Investments	1,500,000	-	150,773	-	56,645	1,707,418
Receivables (net of uncollectibles):						
Intergovernmental Receivables	727,681	-	68,406	-	-	796,087
Property Tax Receivable	1,859,752	-	-	-	-	1,859,752
Franchise Tax Receivable	188,893	-	-	-	-	188,893
Other Receivables	437,737	-	-	-	-	437,737
Notes Receivable	124,566	-	825,354	-	-	949,920
Prepaid Expenses	180,841	-	21,639	-	-	202,480
Inventory	-	-	389,727	-	-	389,727
Due from Other Funds	3,021,024	-	-	-	30,479	3,051,503
Total Assets	\$ 9,904,580	\$ 300,029	\$ 2,057,530	\$ 214,008	\$ 335,425	\$ 12,811,572
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 533,833	\$ 1,836	\$ 164,106	\$ -	\$ 15,459	715,234
Accrued Liabilities	317,194	-	6,092	-	-	323,286
Due to Other Funds	283,862	1,080,353	7,408	108,291	1,973	1,481,887
Deferred Revenue	1,859,752	-	-	-	-	1,859,752
Assets Held for Others	230,379	-	-	-	28,114	258,493
Total Liabilities	3,225,020	1,082,189	177,606	108,291	45,546	4,638,652
Fund Balances:						
Nonspendable						
Prepaid Expenses	180,841	-	21,639	-	-	202,480
Inventory	-	-	389,727	-	-	389,727
Notes Receivable	124,566	-	825,354	-	-	949,920
Restricted						
Debt Service	203,675	-	608,611	-	106,000	918,286
Capital Projects	1,048,243	-	-	214,008	-	1,262,251
Committed	805,000	-	-	-	-	805,000
Assigned	-	(782,160)	34,593	-	183,879	(563,688)
Unassigned	4,317,235	-	-	(108,291)	-	4,208,944
Total Fund Balances (Deficits)	6,679,560	(782,160)	1,879,924	105,717	289,879	8,172,920
Total Liabilities and Fund Balances	\$ 9,904,580	\$ 300,029	\$ 2,057,530	\$ 214,008	\$ 335,425	\$ 12,811,572

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, 2014

EXHIBIT 3.1

Fund Balances - Total Governmental Funds	\$	8,172,920
<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	\$ 67,502,017	
Less: Accumulated Depreciation	<u>(33,211,019)</u>	34,290,998
<p>Other long-term assets are not current financial resources. Therefore, they are not reported in the funds.</p>		
Bond Issuance Costs	125,790	
Less: Accumulated Amortization	<u>(15,896)</u>	109,894
<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	(8,267,423)	
Notes Payable	(918,286)	
Compensated Absences	<u>(562,986)</u>	<u>(9,748,695)</u>
Net Assets of Governmental Activities	\$	<u>32,825,117</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, 2014

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	\$ 2,002,107	\$ -	\$ -	\$ -	\$ 943,100	\$ 2,945,207
Licenses, Permits and Fees	837,693	-	-	-	-	837,693
Intergovernmental Revenue	501,396	-	-	-	-	501,396
Sales Tax	4,294,419	-	422,150	-	-	4,716,568
Charges for Services	-	3,921	-	-	-	3,921
Fines and Forfeits	391,998	-	-	-	51,924	443,921
Rents Charged	-	100,496	28,412	-	-	128,907
Grants	99,539	-	-	-	-	99,539
Other Revenue	212,897	-	24,546	836	77,751	316,030
Total Revenues	8,340,048	104,417	475,107	836	1,072,775	9,993,183
EXPENDITURES						
Current:						
General Government	1,763,858	-	-	452,750	-	2,216,608
Public Safety	5,100,734	-	-	-	39,926	5,140,660
Public Works	1,573,753	-	-	-	-	1,573,753
Culture and Recreation	15,470	-	-	-	-	15,470
Economic Development	5,708	123,737	503,760	-	-	633,205
Debt Service:						
Principal Retirement	-	-	-	-	1,943,627	1,943,627
Interest and Fiscal Charges	-	-	-	-	322,096	322,096
Total Expenditures	8,459,523	123,737	503,760	452,750	2,305,649	11,845,419
Excess (Deficiency) of Revenues Over Expenditures	(119,475)	(19,320)	(28,653)	(451,914)	(1,232,874)	(1,852,236)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Assets	-	-	122,611	-	10,127	132,738
Transfers In	52,348	-	45,000	-	1,303,145	1,400,493
Transfers Out	(1,152,657)	-	(264,155)	-	(52,348)	(1,469,160)
Total Other Financing Sources (Uses)	(1,100,309)	-	(96,545)	-	1,260,924	64,071
Net Change in Fund Balance	(1,219,784)	(19,320)	(125,197)	(451,914)	28,050	(1,788,165)
Fund Balances (Deficits) - Beginning	7,899,344	(762,840)	2,005,121	557,631	261,829	9,961,085
Fund Balances (Deficits) - Ending	\$ 6,679,560	\$ (782,160)	\$ 1,879,924	\$ 105,717	\$ 289,879	\$ 8,172,920

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, 2014

EXHIBIT 4.1

Net Change in Fund Balances - Total Governmental Funds		\$ (1,788,165)
<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	\$ 1,481,578	
Less: Current Year Depreciation	<u>(1,839,206)</u>	(357,628)
<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, net of loan forgiveness		2,555,990
<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>3,356</u>
Change in Net Assets of Governmental Activities		<u>\$ 413,553</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, 2014

EXHIBIT 5

	Enterprise Funds		
	Utility Fund	Cemetery Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 4,063,293	\$ 115,039	\$ 4,178,332
Restricted Cash	2,174,081	-	2,174,081
Investments	363,406	111,162	474,568
Accounts Receivable, net of allowance	884,685	-	884,685
Other Receivables	-	32,708	32,708
Prepaid Expenses	14,305	-	14,305
Inventory	167,122	148,202	315,324
Due from Other Funds	255,319	-	255,319
Total Current Assets	7,922,211	407,111	8,329,322
Noncurrent Assets:			
Capital Assets:			
Land	169,023	3,576	172,599
Buildings and Improvements	142,065	8,506	150,571
Machinery and Equipment	1,125,330	30,382	1,155,712
Infrastructure	12,305,028	112,727	12,417,755
Mobile Equipment	618,307	10,000	628,307
Construction in Progress	714,000	-	714,000
Less Accumulated Depreciation	(4,242,647)	(36,150)	(4,278,797)
Bond Issuance Costs, net of accumulated amortization	62,440	-	62,440
Total Noncurrent Assets	10,893,546	129,041	11,022,587
Total Assets	18,815,757	536,152	19,351,909
LIABILITIES			
Current Liabilities:			
Accounts Payable	935,965	1,144	937,109
Accrued Salaries and Taxes	64,885	2,045	66,930
Customer Deposits	693,393	-	693,393
Due to Other Funds	1,824,291	644	1,824,935
Current Portion of Long-term Debt	284,548	-	284,548
Total Current Liabilities	3,803,082	3,833	3,806,915
Noncurrent Liabilities:			
Compensated Absences Payable	133,661	6,954	140,615
Long-term Debt	4,911,643	-	4,911,643
Total Liabilities	8,848,386	10,787	8,859,173
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	5,634,915	129,041	5,763,956
Restricted	3,230,880	111,162	3,342,042
Unrestricted	1,101,576	285,162	1,386,738
Total Net Assets	\$ 9,967,371	\$ 525,365	\$ 10,492,736

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, 2014

EXHIBIT 6

	Enterprise Funds		
	Utility Fund	Cemetery Fund	Total
Operating Revenues:			
Charges for Services	\$ 5,249,676	\$ -	\$ 5,249,676
Plot Sales	-	26,106	26,106
Total Operating Revenues	5,249,676	26,106	5,275,782
Operating Expenses:			
Personnel Services	1,467,744	48,024	1,515,768
Supplies	312,367	8,957	321,323
Contractual Services and Other Charges	1,260,016	3,794	1,263,811
Utilities	94,663	1,076	95,739
Purchase of Gas	1,279,927	-	1,279,927
Depreciation and Amortization	455,949	1,907	457,857
Total Operating Expenses	4,870,666	63,758	4,934,424
Operating Income (Loss)	379,010	(37,652)	341,357
Nonoperating Revenues (Expenses):			
Loan Forgiveness	1,229,224	-	1,229,224
Other Miscellaneous Income	-	1,497	1,497
Proceeds from Asset Disposals	22,088	-	22,088
Interest Income	12,692	307	12,999
Grant Revenue	24,688	-	24,688
Transfers In	102,083	64,417	166,500
Transfers Out	(110,417)	-	(110,417)
Interest Expense	(151,479)	-	(151,479)
Total Nonoperating Revenues (Expenses)	1,128,879	66,221	1,195,099
Net Income (Loss)	1,507,888	28,568	1,536,457
Total Net Assets - Beginning	8,459,483	496,797	8,956,280
Total Net Assets - Ending	\$ 9,967,371	\$ 525,365	\$ 10,492,737

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

City of Picayune
Statement of Cash Flows
Proprietary Funds
September 30, 2014

EXHIBIT 7

	Enterprise Funds		
	Utility Fund	Cemetery Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 5,249,676	\$ 26,106	\$ 5,275,782
Cash payments for personnel services	(1,467,744)	(48,024)	\$ (1,515,768)
Cash payments to suppliers and contractual services	(1,572,383)	(2,075)	\$ (1,574,458)
Cash payments for other charges	(1,255,387)	(2,983)	\$ (1,258,370)
Net cash provided (used) by operating activities	<u>954,162</u>	<u>(26,976)</u>	<u>927,185</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Grant revenue	24,688	-	24,688
Miscellaneous revenue	22,088	1,497	23,585
Transfers (to) from other funds	(8,333)	64,417	56,083
Interest expense	(151,479)	-	(151,479)
Principal repayments	(590,293)	-	(590,293)
Proceeds from borrowings	256,790	-	256,790
Purchase of capital assets	(1,057,760)	-	(1,057,760)
Net cash provided (used) by capital and related financing activities	<u>(1,504,300)</u>	<u>65,914</u>	<u>(1,438,386)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	12,692	307	12,999
Net cash provided (used) by investing activities	<u>12,692</u>	<u>307</u>	<u>12,999</u>
Net increase (decrease) in cash and cash equivalents	(537,447)	39,244	(498,202)
Cash and cash equivalents, October 1	6,768,211	75,795	6,844,006
Cash and cash equivalents, September 30	<u>\$ 6,230,764</u>	<u>\$ 115,039</u>	<u>\$ 6,345,803</u>
Reconciliation of operating income to net cash provided by operating activities:			
Net operating income (loss)	\$ 379,010	\$ (37,652)	\$ 341,357
Adjustments not affecting cash:			
Depreciation expense	455,949	1,907	457,857
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(105,391)	-	(105,391)
(Increase) decrease in prepaid items	(1,911)	-	(1,911)
(Increase) decrease in inventory	(29,058)	-	(29,058)
(Increase) decrease in due from other funds	(15,982)	-	(15,982)
Increase (decrease) in accounts payable & accruals	177,530	9,030	186,560
Increase (decrease) in customer deposits	23,910	-	23,910
Increase (decrease) in due to other funds	70,105	(261)	69,844
Net cash provided (used) by operating activities	<u>\$ 954,162</u>	<u>\$ (26,976)</u>	<u>\$ 927,185</u>

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

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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, 2014.

- 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, 2014

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, 2014

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, 2014

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, 2014, the allowance for uncollectible utility fund receivables is \$37,296 and the allowance for general fund receivables is \$4,125,799 which consists primarily of police fines.

(C) Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2014, 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, 2014

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, 2014. 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, 2014

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

NOTE 2 - CASH AND OTHER DEPOSITS

(A) Cash

The carrying value of the City's deposits with financial institutions was \$11,762,454 and the bank balance was \$11,963,410 at September 30, 2014.

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 count, 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, 2014, 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, 2014

NOTE 3 - RECEIVABLES

Receivables at September 30, 2014 consist of the following:

	Governmental Activities	Business-type Activities	Total Government-wide
Property and ad valorem tax	\$ 1,859,752	\$ -	\$ 1,859,752
Sales tax	796,087	-	796,087
Franchise tax	188,893	-	188,893
Fines receivable, gross	4,527,522	-	4,527,522
Accounts receivable, gross	-	921,981	921,981
Other receivables	36,014	32,708	68,722
Notes receivable	949,920	-	949,920
Total receivables, gross	8,358,188	954,689	9,312,877
Less: allowance for doubtful accounts	(4,125,799)	(37,296)	(4,163,095)
Total receivables, net	\$ 4,232,389	\$ 917,393	\$ 5,149,782

(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 ReceivableBrockway 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, 2014 was \$825,354 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, 2014 was \$124,566 and is included as Notes Receivable in the Statement of Net Assets.

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended September 30, 2014:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,402,438			\$ 2,402,438
Construction in Progress	7,410,870	24,742	(7,410,870)	24,742
Total capital assets not being depreciated	<u>9,813,308</u>	<u>24,742</u>	<u>(7,410,870)</u>	<u>2,427,180</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	7,605,229	103,650		7,708,879
Machinery and equipment	1,355,696		(70,000)	1,285,696
Mobile equipment	3,752,147	40,558		3,792,705
Infrastructure	43,588,559	8,698,998		52,287,557
Total capital assets being depreciated	<u>56,301,631</u>	<u>8,843,206</u>	<u>(70,000)</u>	<u>65,074,837</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,730,433)	(147,238)		(1,877,671)
Machinery and equipment	(1,235,193)	(96,003)	45,500	(1,285,696)
Mobile equipment	(2,563,771)	(70,385)		(2,634,156)
Infrastructure	(25,887,916)	(1,525,580)		(27,413,496)
Total accumulated depreciation	<u>(31,417,313)</u>	<u>(1,839,206)</u>	<u>45,500</u>	<u>(33,211,019)</u>
Total capital assets being depreciated, net	<u>24,884,318</u>	<u>7,004,000</u>	<u>(24,500)</u>	<u>31,863,818</u>
Governmental activities capital assets, net	<u>\$ 34,697,626</u>	<u>\$ 7,028,742</u>	<u>\$ (7,435,370)</u>	<u>\$ 34,290,998</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 1,331,745
Public Safety	62,481
Public Works	234,668
Culture and Recreation	92,973
Economic Development	117,339
Total Depreciation Expense	<u>\$ 1,839,206</u>

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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	-	714,000	-	714,000
Total capital assets not being depreciated	172,599	714,000	-	886,599
<i>Capital assets being depreciated:</i>				
Buildings and improvements	150,571	-	-	150,571
Machinery and equipment	1,168,408	57,304	(70,000)	1,155,712
Mobile equipment	587,743	40,564	-	628,307
Infrastructure	12,171,863	245,892	-	12,417,755
Total capital assets being depreciated	14,078,585	343,760	(70,000)	14,352,345
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(39,324)	(4,993)	-	(44,317)
Machinery and equipment	(690,142)	(1,394)	45,500	(646,036)
Mobile equipment	(431,305)	(76,686)	-	(507,991)
Infrastructure	(2,712,865)	(367,588)	-	(3,080,453)
Total accumulated depreciation	(3,873,636)	(450,661)	45,500	(4,278,797)
Total capital assets being depreciated, net	10,204,949	(106,901)	(24,500)	10,073,548
Business-type activities capital assets, net	\$ 10,377,548	\$ 607,099	\$ (24,500)	\$ 10,960,147

NOTE 5 – LONG-TERM DEBT

Changes in long-term debt during the year ended September 30, 2014 are as follows:

	October 1, 2013	Additions	Reductions	September 30, 2014	Due Within One Year
Governmental Activities					
Bonds	\$ 10,259,500	\$ 3,057,423	\$ (5,049,500)	\$ 8,267,423	\$ 1,168,385
Notes	1,656,071	113,993	(851,778)	918,286	91,012
Compensated Absences	566,342	-	(3,356)	562,986	-
Total	\$ 12,481,913	\$ 3,171,416	\$ (5,904,634)	\$ 9,748,695	\$ 1,259,397
Business-Type Activities					
Bonds	\$ 3,287,110	\$ 242,577	\$ (385,500)	\$ 3,144,187	\$ 146,615
Notes	3,471,808	14,213	(1,434,017)	2,052,004	137,933
Compensated Absences	97,426	43,189	-	140,615	-
Total	\$ 6,856,344	\$ 299,979	\$ (1,819,517)	\$ 5,336,806	\$ 284,548

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

NOTE 5 – LONG-TERM DEBT (Continued)

(A) Bonds Payable

	October 1, 2013	Additions	Reductions	September 30, 2014	Due Within One Year
GENERAL GOVERNMENT:					
General Obligation Public Improvement Bonds, 2004	\$ 710,000	\$ -	\$ (710,000)	\$ -	\$ -
Special Obligation Bonds, 2004	2,295,000	-	(2,295,000)	-	-
General Obligation Public Improvement Bonds, 2005	544,500	-	(544,500)	-	-
General Obligation Public Improvement Bonds, 2006	730,000	-	(730,000)	-	-
General Obligation Bond Series, 2008	280,000	-	(50,000)	230,000	55,000
General Obligation Street Bonds, 2010	5,700,000	-	(720,000)	4,980,000	750,000
General Obligation Refunding Bonds, 2014	-	3,057,423	-	3,057,423	363,385
Total General Government	10,259,500	3,057,423	(5,049,500)	8,267,423	1,168,385
BUSINESS-TYPE:					
General Obligation Public Improvement Bonds, 2005	280,500	-	(280,500)	-	-
Utility System Revenue Bonds, 2013	3,006,610	-	(105,000)	2,901,610	110,000
General Obligation Refunding Bonds, 2014	-	242,577	-	242,577	36,615
Total Business-Type	3,287,110	242,577	(385,500)	3,144,187	146,615
TOTAL	\$ 13,546,610	\$ 3,300,000	\$ (5,435,000)	\$ 11,411,610	\$ 1,315,000

Principal and interest maturities are as follows:

Governmental Activities	Principal	Interest	Total Requirements
9/30/2015	1,168,385	202,683	1,371,068
9/30/2016	1,211,677	172,276	1,383,953
9/30/2017	1,260,440	144,372	1,404,812
9/30/2018	1,307,972	114,468	1,422,440
9/30/2019	1,287,226	82,701	1,369,927
Thereafter	2,031,723	99,458	2,131,181
Total	\$ 8,267,423	\$ 815,958	\$ 9,083,381

Business-Type Activities	Principal	Interest	Total Requirements
9/30/2015	146,615	85,384	231,999
9/30/2016	153,323	81,200	234,523
9/30/2017	159,560	76,966	236,526
9/30/2018	162,028	73,280	235,308
9/30/2019	167,774	69,462	237,236
Thereafter	2,354,887	619,234	2,974,121
Total	\$ 3,144,187	\$ 1,005,526	\$ 4,149,713

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

NOTE 5 – LONG-TERM DEBT (Continued)

(A) Bonds Payable (continued)

	<u>Balance at 9/30/2014</u>
GENERAL GOVERNMENT	
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.	230,000
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	4,980,000
General Obligation Refunding Bonds, 2014, dated June 30, 2014, \$3,057,423, variable interest ranging from 2.0% to 2.5%, payable in annual installments beginning at July 1, 2015 until maturity on July 1, 2024. Interest payable semi-annually.	<u>3,057,423</u>
TOTAL GENERAL GOVERNMENT BONDS PAYABLE	<u>8,267,423</u>
BUSINESS-TYPE	
Combined Utility System Revenue Bonds, 2013, dated April 1, 2013, \$3,000,000, variable interest currently at 3.0%, principal payable in annual installments beginning at \$105,000 in 2014 and increasing annually thereafter up to \$205,000 at maturity in 2033	2,901,610
General Obligation Refunding Bonds, 2014, dated June 30, 2014, \$242,578 amount, variable interest ranging from 2.0% to 2.5%, payable in annual installments beginning 7/01/2015 until maturity 7/01/2024. Interest payable semi-annually.	<u>242,577</u>
TOTAL BUSINESS-TYPE BONDS PAYABLE	<u>3,144,187</u>
TOTAL GENERAL GOVERNMENT AND BUSINESS-TYPE BONDS PAYABLE	<u>\$ 11,411,610</u>

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 5 – LONG-TERM DEBT (Continued)**(B) Notes Payable**

	Balance at October 1, 2013	Additions	(Reductions)	Balance at September 30, 2014	Due Within One Year
GENERAL GOVERNMENT					
MDA Loan No. 0524, bearing interest at 3%, maturing February 1, 2028	\$ 210,683	\$ -	\$ (11,939)	\$ 198,744	\$ 12,302
MDA for drainage project, bearing interest at 3%, maturing September 1, 2014	26,842	-	(26,842)	-	-
MDA for drainage project, bearing interest at 4.65%, maturing January 1, 2015	11,303	-	(6,372)	4,931	4,931
MDA for airport infrastructure project, bearing interest at 3%, maturing June 1, 2022	134,661	-	(14,114)	120,547	14,543
MDA for airport infrastructure project, bearing interest at 3%, maturing June 1, 2022	33,881	-	(3,451)	30,430	3,556
FEMA Special Community Disaster Loan, bearing interest at 2.67%	752,091	7,993	(760,084)	-	-
MDA for airport infrastructure, bearing interest at 3%, maturing July 31, 2027	486,610	-	(28,976)	457,634	29,858
Capital Lease - Special Police Drug Fund (3 Vehicles), 1/2014, \$106,000 / 1.73% / 4 annual payments of \$27,655.95	-	106,000	-	106,000	25,822
TOTAL GENERAL GOVERNMENT	1,656,071	113,993	(851,778)	918,286	91,012
BUSINESS-TYPE					
MS State Department of Health, Drinking Water Systems Improvements, bearing interest at 3.5%, maturing July 1,	153,553	-	(12,764)	140,789	13,218
FEMA Special Community Disaster Loan, bearing interest at 2.93%	1,215,011	14,213	(1,229,224)	-	-
Capital Improvements Revolving Loan for AMR project, bearing interest at 2%, maturing March 1, 2032	1,214,982	-	(124,786)	1,090,196	56,141
Capital Improvements Revolving Loan for water distribution project, bearing interest at 2%, maturing November 1, 2032	541,364	-	(23,498)	517,866	23,972
Capital Lease for Caterpillar 320EL, 5/9/2013, \$203,427 / 1.61% / 36 monthly payments of \$2,107.25 and a balloon payment of \$136,000 on 6/9/2016	194,231	-	(22,324)	171,907	22,747
Capital Lease for Caterpillar 305E Mini Hex Excavator, 7/22/2013, \$61,353 / 1.71% / 36 monthly payments of \$951.49 and a balloon payment of \$29,500 on 8/22/2016	59,624	-	(10,480)	49,144	10,706
Capital Lease for Caterpillar 420F Backhoe Loader, 5/9/2013, \$97,550 / 1.61% / 36 monthly payments of \$1,029.91 and a balloon payment of \$64,500 on 6/9/2016	93,044	-	(10,941)	82,103	11,149
TOTAL BUSINESS-TYPE	3,471,809	14,213	(1,434,017)	2,052,005	137,933
TOTAL GENERAL GOVERNMENT AND BUSINESS-TYPE NOTES PAYABLE	\$ 5,127,880	\$ 128,206	\$ (2,285,795)	\$ 2,970,291	\$ 228,945

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

NOTE 5 – LONG-TERM DEBT – Continued

(A) Notes Payable (Continued)

Principal and interest are as follows:

Governmental Activities	Principal	Interest	Total Requirements
9/30/2015	91,012	25,442	116,454
9/30/2016	88,361	23,064	111,425
9/30/2017	90,703	20,721	111,424
9/30/2018	93,113	18,313	111,426
9/30/2019	67,933	15,836	83,769
Thereafter	487,163	57,270	544,433
Total	\$ 918,285	\$ 160,646	\$ 1,078,931

Business-Type Activities	Principal	Interest	Total Requirements
9/30/2015	137,933	41,662	179,595
9/30/2016	354,092	37,148	391,240
9/30/2017	97,679	32,962	130,641
9/30/2018	100,167	30,766	130,933
9/30/2019	102,416	28,518	130,934
Thereafter	1,259,717	167,667	1,427,384
Total	\$ 2,052,004	\$ 338,723	\$ 2,390,727

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, 2014, the amount of outstanding debt was equal to 16.18% of the latest property assessments.

CITY OF PICAYUNE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

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	\$ 3,021,024	\$ 283,862	\$ -	\$ -
Court E&M Fund	30,479	-	-	-
Special Police Drug Fund	-	1,747	-	-
Economic Development Fund	-	7,408	-	-
Gen Obl 2010 Bond Fund	-	108,291	-	-
Airport Fund	-	1,080,353	-	-
Sales Tax Fund	-	-	6,739	-
Unemployment Trust Fund	-	-	-	-
Debt Service Fund	-	226	-	-
Utility Fund	-	-	1,936	1,824,291
Cemetery Fund	-	-	-	644
Sewer Fund	-	-	246,644	-
Total	\$ 3,051,503	\$ 1,481,887	\$ 255,319	\$ 1,824,935

Summary of Due To / Due From	9/30/2014	
	Governmental	Business-Type
Due from other funds	\$ 3,051,503	\$ 255,319
Due to other funds	\$ (1,481,887)	\$ (1,824,935)
Net balance	\$ 1,569,616	\$ (1,569,616)

NOTE 7 – DEFICIT FUND NET ASSETS

At September 30, 2014, there is a deficit fund balance in the Airport Fund of \$782,160.

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, 2014

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, 2013 consists of approximately 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, 2014, payments to MGAM for gas purchases amount to \$1,279,927. 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% 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.

CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

(C) Operating Leases

In September 2011, the City renewed its lease agreement with the Picayune City School District for exclusive rights to operate and maintain a baseball park (15.5 acres known as Snyder Park). The lease was renewed for a period of twenty-five (25) years ending on the 26th day of September, 2036. The lease agreement requires the City to pay the School District \$13,199.80 annually on or before the anniversary date of the lease. The lease amount shall be adjusted the eighth and every subsequent eight year anniversary date of the commencement of the lease pursuant to the rent adjustment clause of the contract

In September 2011, the City entered into a lease agreement with the Picayune City School District for exclusive rights to operate and maintain a community park (9.91 acres). The lease is for a twenty-five (25) year term ending on the 26th day of September, 2036. The lease agreement requires the City to pay the School District \$8,439.36 annually on or before the anniversary date of the lease. The lease amount shall be adjusted the eighth and every subsequent eight year anniversary date of the commencement of the lease pursuant to the rent adjustment clause of the contract

(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. On January 13, 2015, the State Auditor's office completed their investigation and closed the case with no findings.

NOTE 11 – RISK MANAGEMENT

(A) Self-Insurance – Workers Compensation Fund

The City is a member of the Mississippi Municipal Workers' Compensation Group, Inc, a non-profit corporation, which 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 a member of the Mississippi Municipal Liability Plan, 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.

NOTE 12 – SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. Management of the City of Picayune evaluated the activity of the City through March 3, 2015, the date the financial statements were available to be issued, and determined that no events have occurred that would require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REGULAR MEETING MARCH 3, 2015

CITY OF PICAYUNE
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Taxes	\$ 2,056,287	\$ 2,056,287	\$ 2,002,107	\$ (54,180)
Licenses and permits	701,000	787,000	837,693	50,693
Intergovernmental	5,554,781	5,684,170	4,795,815	(888,355)
Charges for services	23,550	6,050	-	(6,050)
Fines & forfeits	396,900	335,900	391,998	56,098
Miscellaneous	20,500	36,350	-	(36,350)
Transfers	74,879	74,879	52,348	(22,531)
Interest earnings	20,000	20,000	19,954	(46)
Grants	-	-	99,539	99,539
Other revenue	-	-	192,943	192,943
Total revenues	8,847,897	9,000,636	8,392,396	(608,240)
Beginning Cash Balance	2,457,006	3,105,711	3,223,244	117,533
Total Revenues from All Sources	11,304,903	12,106,347	11,615,640	(490,707)
EXPENDITURES				
General Government	1,301,283	1,514,119	1,763,858	249,739
Public Safety	4,849,954	4,945,161	5,100,734	155,573
Public Works	1,483,466	1,489,615	1,573,753	84,138
Culture and Recreation	-	-	15,470	15,470
Economic Development	-	-	5,708	5,708
Capital Outlay	835,680	835,680	-	(835,680)
Aid to other governments	24,880	24,880	-	(24,880)
Transfers to other funds	359,785	1,150,480	1,152,657	2,177
Total expenditures	8,855,048	9,959,935	9,612,180	(347,755)
Ending Cash Balance	2,449,855	2,146,412	1,864,086	(282,326)
Total Expenditures from All Sources	\$ 11,304,903	\$ 12,106,347	\$ 11,476,266	\$ (630,081)
Excess of revenue over expenditures	\$ -	\$ -	\$ 139,374	\$ 139,374

CITY OF PICAYUNE
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS) UTILITY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Charges for services	\$ 4,389,753	\$ 4,824,753	\$ 5,249,676	\$ 424,923
Miscellaneous	283,000	380,039	-	(380,039)
Transfers	-	-	102,083	102,083
Interest earnings	7,500	11,700	12,692	992
Grants	-	-	24,688	24,688
Other revenue	99,000	99,000	1,251,311	1,152,311
Total revenues	<u>4,779,253</u>	<u>5,315,492</u>	<u>6,640,449</u>	<u>1,324,957</u>
Beginning Cash Balance	5,140,281	5,140,281	6,768,211	1,627,930
Total Revenues from All Sources	<u>9,919,534</u>	<u>10,455,773</u>	<u>13,408,660</u>	<u>2,952,887</u>
EXPENDITURES				
Personnel Services	1,465,783	1,465,783	1,467,744	1,961
Supplies	1,322,090	1,641,090	312,367	(1,328,723)
Contractual Services and Other Charge	1,318,716	1,436,216	1,260,016	(176,200)
Utilities	-	-	94,663	94,663
Purchase of Gas	-	-	1,279,927	1,279,927
Depreciation and Amortization	-	-	455,949	455,949
Interest Expense	-	-	151,479	151,479
Capital Outlay	3,056,992	3,155,312	-	(3,155,312)
Debt Payments	515,672	515,672	-	(515,672)
Transfers to other funds	100,000	100,000	110,417	10,417
Total expenditures	<u>7,779,253</u>	<u>8,314,073</u>	<u>5,132,561</u>	<u>(3,181,512)</u>
Ending Cash Balance	2,140,281	2,141,700	6,237,374	4,095,674
Total Expenditures from All Sources	<u>\$ 9,919,534</u>	<u>\$ 10,455,773</u>	<u>\$ 11,369,935</u>	<u>\$ 914,162</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,038,724</u>	<u>\$ 2,038,724</u>

CITY OF PICAYUNE
NOTE TO BUDGETARY COMPARISON SCHEDULES (NON-GAAP BASIS)
FOR YEAR ENDED SEPTEMBER 30, 2014

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.

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, 2014**

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, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Federal Expenditure s
Environmental Protection Agency passed through the Mississippi Department of Environmental Quality Solid Waste Grant	66.808		\$ 1,000
U.S. Department of Homeland Security passed through the Mississippi Dept of Public Safety - Dept of Homeland Security Hazard Mitigation Grant	97.039	DR-1604-MS-0332	365,083 *
Homeland Security Grant Program	97.067		<u>15,903</u>
			<u>380,986</u>
U.S. Department of Justice passed through the Mississippi Department of Public Safety: ARRA - Violence Against Women Formula Grants	16.588		<u>50,770</u>
			<u>50,770</u>
U.S. Department of Transportation passed through the Mississippi Department of Transportation Airport Improvement Grant	20.106		36,300
Alcohol Countermeasures Program	20.607		2,446
Technical Assistance Grant	20.710		6,750
Highway Planning and Construction	20.205		<u>212,225</u>
			<u>257,721</u>
TOTAL FEDERAL ASSISTANCE PROGRAMS			<u>\$ 690,477</u>

* Major Program

**CITY OF PICAYUNE, MISSISSIPPI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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, 2014.

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
CHELIE K. EAVENSON, CPA

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

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

We have audited the 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, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 3, 2015. 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.

Internal Control Over Financial Reporting

Management of the City of Picayune, Mississippi, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

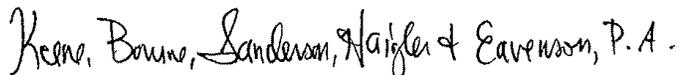
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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


Keene Bourne Sanderson Haigler and Eavenson PA
Certified Public Accountants

March 3, 2015

Keene, Bourne, Sanderson, Haigler & Eavenson, PA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 City of Picayune, Mississippi's, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City of Picayune, Mississippi's major federal programs are 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 each of its major federal programs 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 could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

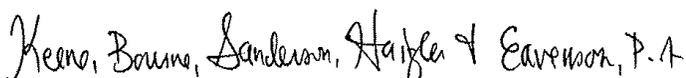
Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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


Keene Bourne Sanderson Haigler and Eavenson PA
Certified Public Accountants

March 3, 2015

Keene, Bourne, Sanderson, Haigler & Eavenson, PA

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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 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, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 3, 2015. 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.

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.

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of our compliance tests and our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance 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 & Eavenson, P.A.
Keene Bourne Sanderson Haigler and Eavenson PA
Certified Public Accountants

March 3, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF PICAYUNE
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

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: | |
| Department of Homeland Security -- CFDA 97.039 -- Hazard Mitigation Grant -- FEMA Drainage Project | |
| 8. The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |
| 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 Valente, Bumpers, Breland and Gougnet

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE OUT OF STATE TRAVEL FOR AMBER HINTON

Motion was made by Council Member Breland, seconded by Council Member Valente to approve out of state travel to Hartford, Connecticut for Amber Hinton to attend the IIMC 69th Annual Conference.

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE FY 2015 CDBG ADMINISTRATOR

Motion was made by Council Member Breland, seconded by Council Member Bumpers to accept CDBG Selection Committee's recommendation to appoint Sample, Hicks and Associates as the FY 2015 CDBG Administrator.



RFP CDBG ADMINISTRATOR

Proposal Due Date/Time: February 13, 2015 @ 4:00 pm
Location: City Hall

	<u>PROPOSAL SUBMISSION</u>	<u>SCORE</u>			<u>Total</u>
		<u>AH</u>	<u>DM</u>	<u>HM</u>	
1	The Ferguson Group	92	90	97	279
2	Sample, Hicks and Associates	100	100	99	299

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE FY 2015 CDBG ENGINEER

Motion was made by Council Member Valente, seconded by Council Member Gouguet to accept CDBG Selection Committee's recommendation for appoint Dungan Engineering as the FY 2015 CDBG Engineer.



RFP CDBG ENGINEER

Proposal Due Date/Time: February 13, 2015 @ 4:00 pm
Location: City Hall

<u>PROPOSAL SUBMISSION</u>		<u>SCORE</u>			
		<u>AH</u>	<u>DM</u>	<u>HM</u>	<u>Total</u>
1	Dungan Engineering	100	98	98	296
2	Compton Engineering	97	90	97	284

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The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE REQUEST TO APPLY TO THE MS DEVELOPMENT AUTHORITY FOR A COMMUNITY DEVELOPMENT BLOCK GRANT

Motion was made by Council Member Breland, seconded by Council Member Bumpers to approve request to apply to the MS Development Authority for a Community Development Block Grant of up to \$600,000 for a Public Facilities Project and authorize a public hearing for said project.

INITIAL PUBLIC HEARING NOTICE

The City of Picayune, Mississippi is considering applying to the Mississippi Development Authority for a Small Cities Community Development Block Grant of up to \$600,000 for a Public Facilities Project. The State of Mississippi has been allocated approximately \$24 million that will be made available to cities and counties on a competitive basis to undertake eligible community development activities. These funds must be used for one of the following purposes:

1. to benefit low and moderate income persons;
2. to aid in the prevention or elimination of slums or blight; or
3. to meet other community development needs having a particular urgency because existing conditions pose a serious or immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

The activities for which these funds may be used are in the area of public facilities and economic development. More specific details regarding eligible activities, program requirements, and the rating system will be provided at a public hearing, which will be held at City Hall, located at 203 Goodyear Blvd. in Picayune, Mississippi, on March 23, 2015 at 11:30 a. m. The purpose of this initial hearing will be to obtain citizen input into the development of the project application.

Please run in the LEGAL section of the local paper on March 6, 2015

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The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE ORDINANCE 920 FOR THE USE OF PUBLIC PARKS

Motion was made by Council Member Breland, seconded by Council Member Valente to approve Ordinance 920 For the Use of Public Parks which replaces Ordinance 864.

ORDINANCE NUMBER 920

OF THE

CITY OF PICAYUNE, MISSISSIPPI

**AN ORDINANCE REPLACING ORDINANCE NO. 864
REGARDING THE USE OF THE PUBLIC PARKS
WITHIN THE CORPORATE LIMITS OF THE CITY OF PICAYUNE**

WHEREAS, the Mayor and City Council in and for the City of Picayune find that it is desirable and necessary to replace Ordinance No. 864 previously enacted by the City of Council.

WHEREAS, the Mayor and City Council find that it should streamline and grant authority to the Office of the City Manager or his designee(s) regarding the use of the Public Parks located inside the corporate limits of the City of Picayune.

NOW THEREFORE, BE IT Ordained by the Mayor and City Council of the City of Picayune, that Ordinance No. 864 be, and the same shall be superseded and replaced pursuant to the terms and provision as set forth hereafter, to-wit:

SECTION - ONE

1. The term "User" shall mean a person, a non-profit association, a non-profit limited liability company or non-profit corporation that utilizes a portion of the public parks owned, operated or maintained by the City of Picayune within the corporate limits of the City of Picayune pursuant to a Facility Use Agreement entered into between the City of Picayune and said User.
2. If the User is a non-profit corporation or a non-profit limited liability company, then said User shall affirm its existence as a non-profit corporation or a non-profit limited liability company in good standing as evidenced by a certificate of existence issued by the Secretary of State of Mississippi pursuant to Section 79-11-121, Miss Code of 1972, as amended, with a copy of said certificate to be provided by the such User to the City Manager or his/her designee.
3. Any User that shall utilize any portion of any City Park shall enter into a Facility Use Agreement on forms adopted and provided by the Office of City Manager or his/her designee. During any time period any User shall utilize any park, the City may reserve designated dates for special programs, events, and/or maintenance under the jurisdiction of the Parks & Recreation Department.
4. If the User is operating a youth sports program at any of the City's parks, then following additional provisions shall apply, to-wit:
 - A. The User must be a non-profit corporation or non-profit limited liability company.
 - B. The User may exercise certain storage and access rights during the non-use period, with written approval from the City's Parks & Recreation

Director, hereinafter called "Director" or his designee as outlined in the Facility Use Agreement or any addendum thereto executed by the User.

C. The User shall operate its youth sports program in accordance with its bylaws, policies and procedure, rules and regulations, all of which have heretofore been provided to the Director or his designee for approval or modification. If any changes in its governing methods are desired, the User shall submit said proposed changes to the Director or his designee for approval. User will conduct registration for its sports programs at the Parks & Recreation Administrative Offices during a mutually designated and agreed upon time period by Director and User.

D. The User shall provide the Director a copy of all rosters, registration forms, and schedules including tournaments or other events. Participant information shall include but not be limited to the name, address, and phone number. The User shall provide a copy of the name, address, and telephone number of all officials representing and acting on the behalf of the User during the Agreement period. All applicants to serve in a coaching capacity shall agree to a criminal background check facilitated by the City Manager or his/her designee. The City reserves the right to exclude any individual the privilege of coaching when there is a documented record of criminal or illegal activity in which the City deems to pose a potential threat or harm to the safety and well-being of the programs participants. The City Manager or his/her designee shall also have the right to deny the privilege of coaching if an individual has been documented as previously engaging in negative, confrontational behavior or behavior which is detrimental to the participant and purpose of the league.

E. It shall be the responsibility of the City to maintain all fields and playing surfaces. The User shall inspect and approve the condition of the Facilities before commencing play or allowing participant access. The User shall not attempt to perform any maintenance of fields or playing surfaces. User shall not be allowed to attempt to drain, dry, or cut playing surfaces, or a field unless approved by the City and a representative of the City is present to supervise any such activity. In reference to baseball fields, the User shall perform minimal maintenance after each game by raking and tamping the pitcher's mound and home plate to prevent holes from being dug near the mound and home plate. User shall be responsible for picking up misplaced litter and placing it in trash cans. Erection by the User of any sign or banner shall require the prior written approval of the Director or his designee. In the event the City's Director determines the field is damaged by the sports activities of User, the User shall pay sufficient funds, as determined by the City's Director, for proper field restoration and maintenance.

F. In the event of inclement weather, the Director or his designee has vested authority to make any game determination for the safety or participants and preservation of the Facility.

G. The User shall make no permanent physical improvements to the facilities without first obtaining the Director's or his designee's written consent. Any physical improvements made by the User shall be in compliance with all municipal building, plumbing, gas, and electrical codes and shall become the property of the City. The City shall provide locks for all facilities and locks shall not be changed by the User.

H. The User shall provide all equipment, uniforms, and personnel necessary to operate its program.

I. All revenue received by the User shall be used solely for the use and benefit of operating youth sports programs or making approved

improvements of a facility in City parks. If the User desires at any time to collect admission fees, written approval from the Director or his designee shall be requested. The User will furnish an updated financial statement at the beginning of the Agreement period, and again at the end of the Agreement period. The User's bookkeeping records will be accessible to the Director at all times and be subject to audit by the City at any time.

J. If applicable, the User shall submit to the Director or his designee the name of an individual to act as Certification Officer for its youth sports program, who shall conduct certification clinics on an as needed basis and shall be responsible for having at least one certified person per team on the field at all practices and games. The Certification Officer shall maintain proof of certification of all active coaches and game officials to the Director or his designee prior to the start of activities of the User. All Coaches and officials used by User shall be 18 years of age and be insured. Any coach or official under the age of 18 must be approved by the City's Director in writing.

K. The User shall use the Facilities in a safe manner, shall not cause or permit damage or injury thereto, and shall comply with all applicable Federal, State, local laws, rules regulations, policies and procedures. The User shall be responsible for informing its coaches, officers, and other personnel of these laws, rules, regulations, policies, and procedures. Absent written consent of the City, the Facilities shall not be used for any purpose except those herein designated.

L. The Facilities shall remain the property of the City; therefore, the City may enter the facilities at any time during the period of this Agreement for inspection or supervision deemed necessary by the City. The City shall provide regular maintenance of Facilities such as concession stands, press boxes, dugouts, restrooms, irrigation systems, fencing, lighting system, backstops, bleachers, and trash pick-up at designated areas on a regular basis if applicable. The User shall provide daily routine cleaning of the area and ensure the proper placement of trash into designated areas/receptacles.

M. The User shall report all vandalism to the Director or his designee immediately upon its discovery. Thereafter, the User shall submit a written report of such vandalism. The User shall report any altercations, conflicts, or disputes, which may arise between parents, players, officials, coaches, or representatives of the User.

N. The User shall provide the Director or his designee with a certificate of insurance evidencing comprehensive liability coverage naming the City of Picayune as co-insured in combined limits not less than \$1,000,000 for bodily injury and property damage. The User shall release the City, its agents, officers and employees from any and all damage or injury to persons or property arising out of the performance of the Facility Use Agreement and indemnifies the City against all damages, liabilities, expenses and losses incurred by the City as a result of the User's performance under the Facility Use Agreement.

O. The Director or his designee shall serve as the liaison between the City and the User and, as such, shall interpret the requirements set forth in this Agreement and insure compliance therewith.

P. The Facility Use Agreement executed by the User may be terminated by either party upon giving thirty (30) days written notice to the other party. Notwithstanding termination by election of parties, the User's violation of any term or condition of the Facility Use Agreement shall place the User in default, thereby allowing the City to terminate this Agreement immediately.

Q. The User shall not assign or sublease, in whole or in part, any right or responsibility set forth herein and any facility outlined in the Facility Use Agreement, with the exception of the operation of concessions. The User must receive the City Manager's or his/her designee's written consent prior to entering into any concession agreement with a Third party. Any Facility Use Agreement that will assign or sublease the sale of concessions must be in writing and must be approved by the City Manager or his/her designee prior to taking effect.

R. No tobacco products shall be sold, used or consumed at the park or in public spaces near the park by the User, participants, or any third party affiliate.

S. The User shall, upon demand, by the City Manager or his/her designee provide the City Manager or his/her designee with a complete financial statement outlining the income and expenses of the User and any expenditure solely for the improvement of the Facilities/park covered by the Facility Use Agreement for any time period.

T. The User shall comply with the Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and all requirements imposed by or pursuant to that title, to the end that, in accordance with Title VI of the act and regulation, no person in the United States shall, on grounds of race, color, age, sex, religion, handicap, or national origin, be excluded from participation as a result of any use or activity by the User at the stated Facility/park.

U. That any equipment of any kind which is used by the User as part of the youth sports program, that was purchased from any funds during the time the User operates said youth sports program at the City's park, shall be deemed purchased by public funds and said equipment shall not be removed, destroyed or disposed of by the User except upon written authority of the City Manager or his/her designee.

5. No alcoholic beverages shall be sold or consumed at the park or in public spaces near the park by any User, participants, or any third party affiliate, unless, a Special Use Event Permit has been approved and issued by the City.

6. No tobacco products shall be sold, used or consumed at the park or in public spaces near the park by any User, participants, or any third party affiliate.

7. If the User has been issued a Special Use Event Permit for an event to take place at any of the City's parks, then the following additional rules shall apply, to-wit:

A. The User shall strictly comply with all conditions imposed pursuant to the terms and provision of such Special Use Event Permit and all laws of the State of Mississippi, the United States of America and all of the Ordinances of the City of Picayune.

B. The User shall pay for the number off any off-duty City of Picayune Police Officers the City requires to be present in order to provide security at said event. If the additional on duty Picayune Police Officers are required to respond to any calls at the subject event, then, in that event, the User may be required to pay for any costs associated with any on duty Picayune Police Officers that responded to any calls at the subject event. The City Manager shall have the authority to determine if any such costs associated with the response by any on duty Picayune Police Officers to any call at the event should be taxed against the User. The User shall not be allowed to provide any other security unless approved in writing in advance by the City Manager or his/her designee.

C. The User shall provide the City Manager or his/her designee with a

certificate of insurance evidencing comprehensive liability coverage naming the City of Picayune as co-insured in combined limits not less than \$1,000,000 for bodily injury and property damage. The User shall expressly release the City, its agents, officers and employees from any and all damage or injury to persons or property arising out of the performance of the Facility Use Agreement and shall indemnify the City against all damages, liabilities, expenses and losses incurred by the City as a result of the User's performance under the Facility Use Agreement.

8. Failure of the City to insist upon strict performance of any term or condition of any Facility Use Agreement entered into by the City with any User shall not be deemed a waiver of any subsequent breach of such term or condition of such Facility Use Agreement.
9. Any User of any park is in all respects an independent entity, not being a part of the City or associated therewith, except as a party to the Facility Agreement.
10. The execution of any Facility Use Agreement between the City and any User shall not be construed to be a waiver of governmental immunity by the City, its officers, and employees.
11. The Office of the City Manager or his/her designee shall be authorized to promulgate any additional rules and regulations regarding the use, operation and conduct of any User or any other person in the parks located within the corporate limits of the City of Picayune. A copy of said rules and regulations shall be in writing; shall be posted in a conspicuous place within the park; and, a current copy shall be maintained and be available for copying or reproduction in the Office of the City Manager, Office of the City Clerk and in the Office of the Director of Parks and Recreation for the City of Picayune. Any User or any person shall be subject to said additional rules and regulations.
12. The Office of the City Manager or his/her designee are further authorized to determine and adopt a fee schedule for any User's use of the City's parks. This fee schedule or any change thereto shall be in writing with a copy to spread upon the minutes of the City Council. This fee schedule may be changed by the City Manager or his/her designee as warranted from time to time. A copy of said fee schedule shall be in writing; shall be posted in a conspicuous place within the park; and, a current copy shall be maintained and be available for copying or reproduction in the Office of the City Manager, Office of the City Clerk and in the Office of the Director of Parks and Recreation for the City of Picayune.
13. The Office of the City Manager or his/her designee shall have authority to prepare and adopt any forms, documents or agreements necessary to carry out the intent of this Ordinance, including, but not limited to, a Facility Use Agreement, etc...

SECTION - TWO

SEVERABILITY, CONFLICT AND EFFECTIVE DATE

Should any section, clause, paragraph, provision, or part of this Ordinance for any reason be held invalid or unconstitutional by any Court of competent jurisdiction, this act shall not affect the validity or any other section, clause, paragraph, provision, or part of this ordinance. All provision of this Ordinance shall be considered separate provision, and completely severable from all other portions.

Conflict in any case where a provision of this ordinance is found to be in conflict with the provision of any other ordinance or code of the City of Picayune, Mississippi, existing on the effective date of this Ordinance, the provisions of this Ordinance shall take precedence.

Adoption of this Ordinance shall repeal Ordinance No. 864.

This Ordinance shall become effective thirty (30) days after its adoption and publication by the Mayor and City Council of the City of Picayune, Pearl River County, Mississippi.

The foregoing Ordinance, having first been reduced to writing, was moved upon by Council member Breland, seconded by Council member Valente, and voted upon as follows:

VOTING YEA: Mayor Pinero, Valente Breland, Bumpers, and Gouguet

VOTING NAY: None.

NOT VOTING: None.

NOT PRESENT: Council Member Stevens

The motion having received the affirmative vote of the majority of the members present, the Mayor declared the motion carried and the Ordinance passed, approved, and adopted on this the 2nd day of March, 2015.

Dr. ED PINERO, Mayor

ATTEST:

City Clerk

Published: March 6, 2015

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

SET A DATE OF APRIL 7, 2015 FOR PUBLIC HEARING ON PROPERTY CLEAN UP AT THE FOLLOWING PROPERTIES

Motion was made by Council Member Valente, seconded by Council Member Gouguet to set a date of April 7, 2015 for a Public Hearing at the following properties:

1. PPIN 24083 121 Glenwood
2. PPIN 25010 1012 Chestnut

3. PPIN 26999 & 27000 Warren St.
4. PPIN 26992 603 S. Blanks
5. PPIN 24981 2316 Jackson Landing Rd.

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE DESIGN PHASE AND CONSTRUCTION PHASE ENGINEERING CONTRACT FOR THE 2015 WATER DISTRIBUTION IMPROVEMENT PROJECT

Motion was made by Council Member Breland, seconded by Council Member Gouguet to approve the Design Phase and Construction Phase Engineering Contract for the 2015 Water Distribution Improvement Project.

REGULAR MEETING MARCH 3, 2015

ENGINEERING & SURVEYING SERVICES CONTRACT
CITY OF PICAYUNE
2015 WATER DISTRIBUTION IMPROVEMENT PROJECT

THIS CONTRACT entered into by and between the CITY OF PICAYUNE hereinafter designated as the OWNER, and DUNGAN ENGINEERING, P.A., Picayune, Mississippi, hereinafter designated as the ENGINEER.

WHEREAS: The OWNER contemplates design and construction of new water mains and related appurtenances associated with the 2015 Water Distribution Improvement Project.

WHEREAS: Certain engineering services are required in the investigation, planning, and execution of the said improvements, and the Public Works Department will assist and perform field investigations to determine locations/sizes of existing water mains, valves, connections.

WHEREAS: The OWNER does hereby employ the ENGINEER to finish the aforesaid engineering services,

NOW THEREFORE, the parties hereto do mutually agree as follows:

**ARTICLE I
ENGINEER'S SERVICES**

The ENGINEER AGREES, in consideration of payments to be made by the OWNER, as hereinafter set out, to furnish certain engineering services as follows:

ITEM ONE: PLANNING AND DESIGN PHASE

Upon authorization in writing by the OWNER to proceed, the ENGINEER shall prepare design drawings, specifications, and contract documents for the purpose of awarding one contract for the finishing of all materials, and any contracts for labor and equipment not available through OWNER's work force and equipment inventory.

The ENGINEER shall prepare and furnish to the OWNER cost estimates of all work included in the completed drawings, specifications, and contract documents.

The ENGINEER shall obtain the approval of such agencies and legally constituted authorities as under the laws of the State of Mississippi have jurisdiction over the review of the drawings and specifications for the proposed project, and shall also obtain the approval of such Federal agencies as have jurisdiction over the review of drawings, specifications, and contract documents of the proposed project.

It is the intent of the ENGINEER that he shall furnish as part of his basic services, any reasonable quantity of plans, specifications, bid sheets, cost estimates, design analyses, and other contract documents as may be required. However, it is agreed that the total quantity of any one item shall not exceed ten (10) copies. Additional copies will be furnished upon request of the OWNER at the actual cost of reproduction of such additional copies.

ITEM TWO: CONSTRUCTION PHASE

The ENGINEER shall have a responsible representative present at all lettings of contracts for the proposed work and shall advise and assist the OWNER in the making of awards of contracts to successful bidders. The ENGINEER shall act in a general advisory and consulting capacity to the OWNER throughout the construction period and shall:

Make periodic visits to the site of the work to observe the progress and quality of the executed work and to determine in general if the work is proceeding in accordance with the Contract Documents.

Make or assist the OWNER in making all reports required by any State or Federal Agency relating to the project.

Perform all necessary materials sampling and testing in order to insure the highest quality work be accomplished for this project.

Be available to the Contractor and the OWNER for interpretation of drawings, specifications, and contract documents and prepare construction change orders as they are required for the proper execution of the work.

Provide surveying services to lay out easements, line location, line grades, and advise the OWNER's employees on the construction of the project.

Review shop drawings, diagrams, illustrations, catalog data, samples, the results of tests and inspections, and other compliance with the information given in the contract documents.

Based on his review of the Contractor's applications for payment and supporting data, determine the amounts owing to the Contractor and approve in writing payment to the Contractor in such amounts.

Conduct, in company with the OWNER, a final inspection of the Project for compliance with the information given in the contract documents, and approve in writing final payment to the Contractor.

Upon the completion of all construction awarded in accordance with the terms of this Contract, the ENGINEER shall furnish to the OWNER a set of record drawings covering the work actually installed.

The ENGINEER shall not be responsible for the methods and means employed by the Contractor in the performance of the construction work. Further, the ENGINEER shall not be responsible for the safety of the workmen and others who might be injured during the course of construction work by the Contractor, or for property which may be damaged; his obligation under this section of the Contract being limited to the making of periodic observations and reports to the OWNER concerning the compliance of the completed construction work with the contract documents.

ITEM THREE: ADDITIONAL SERVICES

When authorized in writing by the OWNER, the ENGINEER shall furnish or obtain from others additional services not otherwise specifically provided for in ITEM ONE, TWO or THREE of SERVICES. These services shall include but not be limited to the following:

· Prepare changes in design or perform other services resulting from substantial changes being made in the general scope of the project.

Prepare revisions of studies, reports, design documents, drawings, or specifications which have been previously approved by the OWNER-

Provide special analyses or studies of the environmental effects of the project, or other OWNER needs such as the preparation of operating and maintenance manuals, special operating drawings, charts, or other pertinent data.

Provide additional or extended services during construction caused by fire, storm, work stoppages, or other prolongation of the contract time, acceleration of work schedule beyond the ENGINEER's established office working hours, or the Contractor's default due to delinquency or insolvency.

Prepare for and give testimony as an expert witness or make any other appearance on behalf of the OWNER before governmental, quasi-governmental, or civic bodies in connection with proceedings involving the project.

**ARTICLE 2
PAYMENTS**

IN PAYMENT for the services hereinbefore described under ARTICLE 1, ENGINEER'S SERVICES, the OWNER agrees to pay and does allow the ENGINEER the following amounts:

ITEM ONE: PLANNING AND DESIGN PHASE

For services performed pursuant to ITEM ONE, DESIGN PHASE, the lump sum amount of Forty-three thousand and eight hundred dollars and no/100 (\$43,800.00).

The above stated lump sum fee is based upon a project of the scope and magnitude hereinbefore described. In the event that the scope of the project is revised, the ENGINEER will recalculate the lump sum fee to be paid and will submit the revised fee in the form of a Contract Amendment for approval by the OWNER.

The fee for ITEM ONE of SERVICES shall be due and payable from time to time as the work is accomplished.

ITEM TWO: CONSTRUCTION PHASE

For services performed pursuant to ITEM TWO, CONSTRUCTION PHASE, the lump sum fee of Twenty-nine thousand and two hundred dollars and no/100 (\$29,200.00).

Payment for Construction Phase shall be due and payable from time to time as payments are made to the construction Contractor, with such payments being proportioned to the payments made to the Contractor, and with final payment being due and payable when the project is completed and accepted.

ITEM THREE: ADDITIONAL SERVICES

The method of reimbursement and payment for services rendered in compliance with ITEM THREE of SERVICES shall be agreed upon in writing by the OWNER and the ENGINEER at the time of authorization for said work.

**ARTICLE 3
GENERAL CONSIDERATIONS**

The ENGINEER's estimate of the project cost is the opinion of the ENGINEER of the probable project cost on the date of the estimate and is supplied as a guide only. Since the ENGINEER has no control over the cost of labor and materials or over competitive bidding and market conditions, the ENGINEER does not guarantee the accuracy of such opinion as compared to Contractor bids or actual cost to the OWNER

The ENGINEER will prepare the drawings and specifications in accordance with generally accepted engineering practices and makes no warranty, either expressed or implied, as part of this Agreement.

The ENGINEER does not guarantee the performance or safety of materials and equipment provided by any construction Contractors, which materials and equipment may include but not necessarily be limited to pipe, valves, fittings, traps, conduit, wiring, steel, wire, nails, lumber, cement, aggregate, bricks, files, pumps, motors, compressors, electrical apparatus of all types, all metal pressure and storage vessels furnished and erected in place as required to provide a complete, functional unit and all other materials and equipment as are required to provide a complete, safe, and functional facility.

This Agreement may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the other. In the event this Agreement should be terminated by the OWNER, the ENGINEER shall be paid his compensation for services performed prior to receipt of written notice of such termination. In all cases where termination has resulted due to one party failing substantially to perform in accordance with the terms of this Agreement, such party will remain liable to the other for all damages incurred as a result of breach of this Agreement.

This Agreement may be terminated by either party upon seven days' written notice should either party be unable to substantially perform in accordance with its terms due to circumstances beyond the control of the parties. In event of such termination, neither party will remain liable to the other for damages incurred as a result of such termination

Plans and specifications shall be the property of the OWNER, whether the project for which they are made is executed or not. The OWNER shall be permitted to retain copies, including reproducible copies of plans and specifications for information and reference in connection with the OWNER's use and occupancy. The plans and specifications may be used by the OWNER on other projects, for additions to this project, or for completion of this project by others upon payment by the OWNER of appropriate compensation to the ENGINEER for ITEM ONE services as provided in ARTICLE 2.

If the project is suspended for more than six months or abandoned in whole or in part the ENGINEER shall be paid his compensation for services performed prior to receipt of written notice from the OWNER of such suspension or abandonment, together with reimbursable expenses then due, as described in ARTICLE 2, PAYMENTS.

The ENGINEER shall keep and maintain books, records, and other documents relating directly to the receipt and disbursement of grant funds; and any duly authorized representative of the Governor's Office of Federal-State Programs, Department of Community Development, the U.S. Department of Housing and Urban Development (HUD) and/or the Controller General of the United States shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the ENGINEER until the completion of all close-out procedures respecting this grant and the final settlement and conclusion of all issues arising out of this grant.

The ENGINEER agrees that any duly authorized representative of the Governor's Office of Federal-State Programs, Department of Community Development the U.S. Department of Housing and Urban Development (HUD) and/or the Controller General of the United States shall, at all reasonable times, have access to any portion of the Project in which the ENGINEER is involved until the completion of all close-out procedures respecting this grant.

**ARTICLE 4
EQUAL EMPLOYMENT OPPORTUNITY**

During the performance of this contract the ENGINEER agrees as follows:

The ENGINEER will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The ENGINEER will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The ENGINEER agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided setting forth the provisions of this non-discrimination clause.

The ENGINEER will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

The ENGINEER will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

REGULAR MEETING MARCH 3, 2015

The ENGINEER will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

In the event of the ENGINEER's noncompliance with the non-discrimination clauses of this contract or with any such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the ENGINEER may be declared ineligible for further Government contracts or Federally assisted construction contracts, in accordance with procedures authorized in Executive Order No. II 246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. II 246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

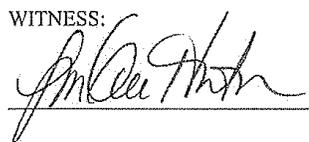
IN WITNESS WHEREOF, we have hereunto set our hands and seal this 3 day of MARCH, 2015.

(This contract executed in triplicate).

OWNER:

CITY OF PICAYUNE

WITNESS:



By: 

Title: Mayor

ENGINEER:

DUNGAN ENGINEERING, P.A.

WITNESS:



By: 

Title: Vice-President

GENERAL TERMS AND CONDITIONS

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

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

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

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

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

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

4. **Designation of Authorized Representatives.** Each party shall designate one or more persons to act with authority in its behalf with respect to appropriate aspects of the Project. The persons designated shall review and respond promptly to all communications received from the party.
5. **Ownership of Documents.** Drawings, specifications, reports and any other documents prepared by Engineer in connection with any or all of the services furnished hereunder shall be the property of Client. Engineer shall have the right to retain copies of all documents and drawings for its files.
6. **Reuse of Documents.** All documents, including drawings and specifications furnished by Engineer pursuant to this Agreement, are intended for use on the Project only. They should not be used by Client or others on extensions of the Project or on any other project. Any reuse, without written verification or adaption by Engineer, shall be at Client's sole risk, and Client shall indemnify and hold harmless Engineer from all claims, damages, losses and expenses, including attorney's fees arising out of or resulting therefrom.
7. **Opinions of Cost.** Since the Engineer has no control over the cost of labor, materials, equipment or services furnished by the contractor, or over the contractor's methods of determining prices, or over competitive bidding or market conditions, the Engineer cannot and does not guarantee that proposals, bids or actual construction costs will not vary from his opinions or estimates of construction costs.
8. **Changes.** Client reserves the right by written change order or amendment to make changes in requirements, amount of work or engineering time schedule adjustments; and Engineer and Client shall negotiate appropriate adjustments in fee and/or schedule acceptable to both parties to accommodate any changes.
9. **Delays.** If the Engineer's services are delayed by the Client, or for other reasons beyond the Engineer's control, for more than one year, the fee provided for in this Agreement shall be adjusted equitably.
10. **Subcontracts.** Engineer may subcontract portions of the services, but each subcontractor must be approved by Client in writing.
11. **Suspension of Services.** Client may, at any time, by written order to Engineer, require Engineer to stop all, or any part, of the services required by this Agreement. Upon receipt of such an order, Engineer shall immediately comply with its terms and take all reasonable steps to minimize the occurrence of costs allocable to the services covered by the order. Client, however, shall pay all costs associated with suspension including all costs necessary to maintain continuity and the staff required to resume the services upon expiration of the suspension of work order. Engineer will not be obligated to provide the same personnel employed prior to suspension when the services are resumed in the event the period of any suspension exceeds 30 days. Client will reimburse Engineer for the costs of such suspension and remobilization.

12. **Termination.** This Agreement may be terminated by either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. This Agreement may be terminated by Client, under the same terms, whenever Client shall determine that termination is in its best interests. Cost of termination, including salaries, overhead and fee, incurred by the Engineer either before or after the termination date shall be reimbursed by Client.
13. **Notices.** Any notice or designation required to be given by either party hereto shall be in writing and, unless receipt of such notice is expressly required by the terms hereof, it shall be deemed to be effectively served when deposited in the mail with sufficient first class postage affixed and addressed to the party to whom such notice is directed at such party's place of business or such other address as either party shall hereinafter furnish to the other party by written notice as herein provided.
14. **Indemnification.** Engineer shall indemnify and hold harmless Client from Client's loss or expense, including reasonable attorney's fees for claims for personal injury (including death) or property damage arising out of the sole negligent act, error or omission of Engineer.

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

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

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

15. **Legal Proceedings.** In the Event's employees are at any time required by Client to provide testimony, answer interrogatories or otherwise provide information ("testimony") in preparation for or at a trial, hearing, proceeding or inquiry ("proceeding") arising out of the services that are the subject of this Agreement, where Engineer is not a party to such a proceeding, Client will compensate Engineer for its services and reimburse Engineer for all related direct costs incurred in connection with providing such testimony. This provision shall be of no effect if the parties have agreed in a separate agreement or an amendment to this Agreement to terms which specifically supersede this provision, nor shall this provision apply in the event Client engages Engineer to provide expert testimony or litigation support, which services shall be the subject of a separate agreement or an amendment to this Agreement.

16. **Successors and Assigns.** The terms of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided however, that neither party shall assign this Agreement in whole or in part without the prior written approval of the other.
17. **Insurance.** Within the context of prudent business practices, Engineer shall endeavor to maintain workmen's compensation and unemployment compensation of a form and in an amount as required by state law; comprehensive liability with maximum limits of \$500,000/\$1,000,000; automotive liability with maximum limits of \$500,00/\$500,000; and professional liability insurance with an annual limit of \$500,000. Client recognizes that insurance market is erratic and Engineer cannot guarantee to maintain the coverages identified above.
18. **Information Provided by the Client.** The Engineer shall indicate to the Client the information needed for rendering of services hereunder. The Client may elect to provide this information (including services by others) to the Engineer. In this case, the Client recognizes that the Engineer cannot assure the sufficiency of such information. Accordingly, the Engineer shall not be liable for any claims for injury or loss arising from errors, omissions or inaccuracies in documents or other information provided by the Client. In addition, the Client agrees to compensate the Engineer for any time spent or expenses incurred in defending such claim or in making revisions to his work as a direct or indirect result of information provided by the Client which is sufficient.
19. **Subsurface Conditions and Utilities.** Client recognizes that a comprehensive sampling and testing program implemented by trained and experienced personnel of Engineer of Engineer's subconsultants with appropriate equipment may fail to detect certain hidden conditions. Client also recognizes that actual environmental, geological and geotechnical conditions that Engineer properly inferred to exist between sampling points may differ significantly from those that actually exist.

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

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

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

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

21. **Risk Allocation.** The Client recognizes that Engineer's fee includes an allowance for funding a variety of risks which affect the Engineer by virtue of his agreeing to perform services on the Client's behalf. One of these risks stems from the Engineer's potential for human error. In order for the Client to obtain the benefits of a fee which includes a lesser allowance for risk funding, the Client agrees to limit the Engineer's liability to the Client and all construction contractors arising from the Engineer's professional acts, errors, or omissions, such that the total aggregate liability of the Engineer to all those named shall not exceed \$50,000 or the Engineer's total fee for the services rendered on this project, whichever is greater.
22. **Anticipated Change Orders.** Client recognizes and expects that a certain amount of imprecision and incompleteness is to be expected in construction contract documents; that contractors are expected to furnish and perform work, materials and equipment that may reasonably be inferred from the contract documents or from the prevailing custom or trade usage as being required to produce the intended result whether or not specifically called for; and that a certain amount of change orders are to be expected. As long as Engineer provides services in a manner consistent with that standard of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions, client agrees not to make any claim against Engineer for cost of these change orders unless these costs become a significant part of the construction contract amount. In no case will Client make claim against Engineer for costs incurred in the change order work is a necessary part of the Project for which Client would have incurred cost if work had been included originally in the contract documents unless Client can demonstrate that such costs were higher through issuance of the change order than they would have been if originally included in the contract documents in which case any claim of Client against Engineer will be limited to the cost increase and not the entire cost of the change order.
23. **Payment.** Engineer shall submit monthly statements to Client. Payment in full shall be done upon receipt of the invoice. If payments are delinquent after 30 days from invoice date, the Client agrees to pay interest on the unpaid balance at the rate of one percent per month. Payment for Engineer's services is not contingent on any factor except Engineers ability to provide services in a manner consistent with that standard of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions.
24. **Force Majeure.** Neither Client nor Engineer shall be liable for any fault or delay caused by contingency beyond their control including, but not limited to, acts of God, wars, strikes, walkouts fires, natural calamities, or demands or requirements of governmental agencies.

25. **Compliance with Laws.** To the extent they apply to its employees or its services, the Engineer shall comply with all applicable United States, state, territorial and commonwealth laws, including ordinances of any political subdivisions or agencies of the United States, any state, territory, or commonwealth thereof.
26. **Separate Provisions.** If any provisions of this Agreement are held to be invalid or unenforceable, the remaining provisions shall be valid and binding.
27. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the principal place of business of the Engineer.
28. **Amendment.** This Agreement shall not be subject to amendment unless other instrument is executed by duly authorized representatives of each of the parties.
29. **Entire Understanding of Agreement.** This Agreement represents and incorporates the entire understanding of the parties hereto, and each party acknowledges that there are no warranties, representations, covenants or understandings of any kind, matter or description whatsoever, made by either party to the other except as expressly set forth herein. Client and Engineer hereby agree that any purchase orders, invoices, confirmations, acknowledgments or other similar documents executed or delivered with respect to the subject matter hereof that conflict with the terms of this Agreement shall be null, void and without effect to the extent they conflict with the terms of this Agreement.
30. **Design without Construction Phase Services.** Should Client provide Construction Phase services with either Client's representatives or a third party, Engineer's Basic Services under this Agreement will be considered to be completed upon completion of the Final Design Phase or Bidding or Negotiating Phase.

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

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

APPROVE REQUEST TO ADVERTISE FOR THE CITY BARN ELEVATED WATER TANK IMPROVEMENT PROJECT

Motion was made by Council Member Breland, seconded by Council Member Gouguet to approve request for permission to advertise for the City Barn Elevated Water Tank Improvement Project.

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

MOTION TO RECESS

Motion was made by Council Member Breland, seconded by Council Member Valente to recess until Tuesday, March 17, 2015 at 2:00 pm.

The following roll call was made:

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

VOTING NAY: None

ABSENT AND NOT VOTING: Council Member Jan Stevens

ABSTAINING AND NOT VOTING: None

The motion was declared carried.

Ed Pinero, Mayor

ATTEST:

Amber Hinton, City Clerk