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Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF PASS CHRISTIAN, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2021



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FINANCIAL SECTION

WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1928)

Certified Public Accountants

HANCOCK BANK BUILDING

2510 - 14TH STREET

P.O. BOX 129

GULFPORT, MISSISSIPPI 39502

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Board of Alderman
City of Pass Christian, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Pass Christian, Mississippi (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Pass Christian, Mississippi, as of September 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Surety Bonds, required by the State of Mississippi in compliance with §21-17-5 of Mississippi Code of 1972 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Surety Bonds and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Surety Bonds and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2023, on our consideration of the City of Pass Christian's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with Government Auditing Standards in considering the City of Pass Christian's internal control over financial reporting and compliance.

Other Reporting Required by State of Mississippi

In accordance with the State of Mississippi, we have also issued our report dated March 21, 2023, on our consideration of the City of Pass Christian's compliance with state laws and regulations. The purpose of that report is to describe the scope of our testing of internal controls over compliance with state laws and regulations and the result of that testing, and not to provide an opinion on internal controls or compliance. That report is an integral part of an audit performed in accordance with state guidelines in considering the City of Pass Christian's internal control over financial reporting and compliance.

Wright Ward Hatten & Guel

Wright, Ward, Hatten & Guel, CPAs
Gulfport, Mississippi
March 21, 2023

MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Pass Christian, Mississippi's (the City) Annual Financial Report presents a narrative overview and comparative analysis of the financial activities of the City for the fiscal year ended September 30, 2021 and 2020. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow.

City of Pass Christian is located on the Mississippi Gulf Coast. According to the United States Census Bureau, the estimated population of the City of Pass Christian as of July 1, 2021 is 5,882. The median household income is \$57,011 with 94% of persons or older holding a high school degree or higher.

Government-wide Financial Highlights

- Total net position decreased \$818,699 or 1% as a result primarily due to additional costs associated with the City's grant matching portion of repairs due to Hurricane Zeta and other storms during the past two years.
- General revenues amounted to of \$6,613,363 or 52% of total revenues. This amount increased \$238,986 from 2020, primarily due to an increase in taxes collected for the year and sale of city property. Program revenues amounted to \$6,166,985 or 48% of total revenues, which increased \$3,456,802 from 2020 primarily due to an increase in operating and capital grants received in 2020 primarily FEMA revenues for repairs to city infrastructure damage from storms.
- Capital assets, net of accumulated depreciation, decreased \$584,362 in the governmental activities and decreased \$1,531,602 in the business-type activities during 2021. These changes are primarily due to the depreciation expense of \$2,774,804 and additional assets purchased totaling \$703,280.
- Bonds payable decreased by \$115,000 in the governmental activities, and compensated absences payable increased \$1,088. The City entered into a new note payable in the amount of \$480,075 during the year. Notes payable at the end of the year totaled \$731,428 representing amounts owed by the City for the purchase of two pumper trucks for the fire department. Revolving loans decreased by \$24,247 in the business-type activities, leaving a \$56,132 balance on a twenty year loan; compensated absences payable increased \$2,834. The City's total debt outstanding at September 30, 2021 is \$1,845,457 of which the liability for compensated absences is \$127,897.

Fund Highlights

- *General Fund* – This fund is used for the general operations of the City. The General Fund had \$6,653,782 in revenues, which shows an increase of \$453,958 from 2020 and \$6,283,997 in expenditures, a increase of \$402,314 from 2020, in the current year. The General Fund's fund balance increased by \$502,752.

- *Hurricane Fund* – This fund was established in 2021 to account for the funds used to repair infrastructure damage caused by Hurricane Zeta and to track reimbursements from FEMA. This fund had expended \$1,296,262 with receipts pending from the federal government in the amount of \$1,169,946. This fund has a negative fund balance of \$126,316 at the end of 2021 representing the City's portion of matching funds required to be transferred.
- *Building Construction Fund* – This fund is used to account for insurance proceeds received as a result of Hurricane Katrina and amounts set-aside by the Board to cover the City's portion of construction projects not reimbursed by federal grants. The fund balance of \$3,824,097 represents monies still available for construction, repair and capital outlay.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Pass Christian as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Pass Christian as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. These bases of accounting take into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City's activities are reported as governmental and business-type activities, which include all of the City's services including general government, police, fire, public works, culture and recreations, community services, water and sewer utility and harbor. The City of Pass Christian has no component units.

Condensed Financial Statements

Table 1 and Table 2 on the following page provide a summary of the City's net position and changes in net position for 2021 compared to 2020.

	Governmental Activities		Business-type Activities		Total	
	2021	2020*	2021	2020*	2021	2020*
Assets						
Current assets	\$ 16,263,704	14,678,189	4,665,935	4,225,104	20,929,639	18,903,293
Noncurrent assets	25,822,519	26,192,642	61,959,359	63,490,961	87,781,878	89,683,603
Total Assets	42,086,223	40,870,831	66,625,294	67,716,065	108,711,517	108,586,896
Deferred Outflows	1,476,023	785,018	145,979	77,639	1,622,002	862,657
Liabilities						
Current liabilities	978,083	936,440	465,526	419,115	1,443,609	1,355,555
Non-current liabilities	8,228,700	9,340,838	743,068	858,374	8,971,768	10,199,212
Total Liabilities	9,206,783	10,277,278	1,208,594	1,277,489	10,415,377	11,554,767
Deferred Inflows	6,354,082	3,713,790	209,881	8,118	6,563,963	3,721,908
Net Position						
Investment in capital assets, net of related debt	23,689,962	24,450,709	61,903,227	63,410,582	85,593,189	87,861,291
Restricted net assets	169,684	148,609	10,500	12,177	180,184	160,786
Unrestricted	4,141,735	3,065,463	3,439,071	3,085,338	7,580,806	6,150,801
Total Net Position	\$ 28,001,381	27,664,781	65,352,798	66,508,097	93,354,179	94,172,878

*2020 amounts have been reclassified between current and noncurrent amounts for comparison with 2021 amounts.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues	\$ 2,810,492	492,256	3,356,493	2,964,546	6,166,985	3,456,802
General revenues	6,537,034	6,233,030	76,329	141,347	6,613,363	6,374,377
Total revenues	9,347,526	6,725,286	3,432,822	3,105,893	12,780,348	9,831,179
Expenses:						
Governmental Activities	8,951,926	7,620,163	-	-	8,951,926	7,620,163
Business-type Activities	-	-	4,647,121	4,550,609	4,647,121	4,550,609
Total expenses	8,951,926	7,620,163	4,647,121	4,550,609	13,599,047	12,170,772
Transfers	(59,000)	(5,695)	59,000	5,695	-	-
Increase (Decrease) in net assets	336,600	(900,572)	(1,155,299)	(1,439,021)	(818,699)	(2,339,593)
Net Position - beginning	27,664,781	28,565,353	66,508,097	67,947,118	94,172,878	96,512,471
Net Position - ending	\$ 28,001,381	27,664,781	65,352,798	66,508,097	93,354,179	94,172,878

Governmental Activities

Net position increased \$336,600 as a result primarily additional grant funds and an increase in general revenues.

Several revenue sources fund our governmental activities. The following table shows the City's total general revenues and program income that is used to offset governmental expenses.

Source	2021	2020	Change	
			Amount	Percentage
Property taxes	\$ 3,694,702	3,550,592	144,110	4.1%
General sales taxes	1,841,849	1,663,654	178,195	10.7%
Franchise taxes	341,244	346,098	(4,854)	-1.4%
State shared revenue	335,529	256,235	79,294	30.9%
Investment earnings	146,073	227,148	(81,075)	-35.7%
Gain on sale of capital assets	110,660	2,157	108,503	5030.3%
Miscellaneous	66,977	131,408	(64,431)	-49.0%
Charges for services	363,001	375,809	(12,808)	-3.4%
Operating grants	100,023	41,513	58,510	140.9%
Capital grants	2,347,468	130,672	2,216,796	1696.5%
Total	<u>\$ 9,347,526</u>	<u>6,725,286</u>	<u>2,622,240</u>	<u>39.0%</u>

- Overall governmental revenues increased \$2,622,240 primarily due to grant income received or receivable from federal sources for repairs to infrastructure damaged by hurricanes.
- A slight growth in the city resulted in an increase in property taxes.
- A release in COVID-19 restrictions resulted in an increase in general sales taxes for the City.

Governmental expense activities are shown in the following table:

Activity	2021	2020	Change	
			Amount	Percentage
General government	\$ 1,527,300	1,325,037	202,263	15%
Public safety	4,004,608	3,835,818	168,790	4%
Public works	2,673,756	1,656,853	1,016,903	61%
Recreation/community services	302,973	461,377	(158,404)	-34%
Beautification	343,917	248,715	95,202	38%
Economic development	59,254	64,694	(5,440)	-8%
Interest on long-term debt	40,118	27,669	12,449	45%
	<u>\$ 8,951,926</u>	<u>7,620,163</u>	<u>1,331,763</u>	<u>17%</u>

- Overall governmental expenses increased \$1,331,763 or 17%. This increase is primarily due to the repairs required to infrastructure due to damage by hurricanes.

Business-type activities

Net position for the business-type activities was \$65,352,798 a decrease of \$1,155,299 primarily due to depreciation expense.

Business-type activities are primarily funded by charges for services. The following table shows the City's total general revenues and program income that is used to offset business-type expenses.

Source	2021	2020	Change	
			Amount	Percentage
Charges for services	\$ 2,896,906	2,964,546	(67,640)	-2.3%
Investment earnings	58,221	87,612	(29,391)	-33.5%
Miscellaneous	18,108	53,735	(35,627)	-66.3%
Capital grants	459,587	-	459,587	-
Total	<u>\$ 3,432,822</u>	<u>3,105,893</u>	<u>326,929</u>	<u>10.5%</u>

Business-type expense activities are shown in the following table:

Expense	2021	2020	Change	
			Amount	Percentage
Personnel services	\$ 529,849	567,628	(37,779)	-6.7%
Contractual services	1,807,640	1,524,169	283,471	18.6%
Utilities	248,851	227,153	21,698	9.6%
Repairs and maintenance	280,457	451,735	(171,278)	-37.9%
Other supplies and commodities	37,536	62,620	(25,084)	-40.1%
Depreciation	1,741,575	1,715,671	25,904	1.5%
Interest expense	1,213	1,633	(420)	-25.7%
Total	<u>\$ 4,647,121</u>	<u>4,550,609</u>	<u>96,512</u>	<u>2.1%</u>

General Fund Budgeting Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. Governmental auditing standard require that cities present budgetary comparison schedules as required supplementary information to the financial statements. The most significant budgeted fund is the General Fund.

During the course of 2021, the City amended its general fund budget. All recommendations for a budget change come from the City Clerk to the Board of Alderman for approval. State law does not allow budget changes that modify functional levels of budget amounts within a department without board approval. With the General Fund supporting many of our major activities, such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments.

Capital Assets

Table 3 shows the changes in capital assets for the years ended September 30, 2021 and 2020.

TABLE 3
City of Pass Christian, Mississippi
Schedule of Capital Assets (Net of Accumulated Depreciation)
September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and construction in progress	\$ 1,790,675	1,790,775	175,695	142,135	1,966,370	1,932,910
Buildings	12,193,597	12,509,182	1,072,146	1,116,484	13,265,743	13,625,666
Infrastructure	8,530,004	8,939,769	60,474,218	61,937,329	69,004,222	70,877,098
Mobile equipment	2,205,295	2,251,758	28,598	54,813	2,233,893	2,306,571
Furniture and equipment	631,819	444,268	208,702	240,200	840,521	684,468
Total	<u>\$ 25,351,390</u>	<u>25,935,752</u>	<u>61,959,359</u>	<u>63,490,961</u>	<u>87,310,749</u>	<u>89,426,713</u>

The primary decrease in capital assets occurred in construction in progress and completed infrastructure due to depreciation expense.

General Long-term Obligations

At September 30, 2021, the City had \$9,309,873 outstanding debt obligations, which included \$127,897 of compensated absences payable and \$7,464,416 in net pension liability.

TABLE 4
City of Pass Christian, Mississippi
Schedule of Long-term Debt
September 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 930,000	1,045,000	-	-	930,000	1,045,000
Notes Payable	731,428	440,043	-	-	731,428	440,043
Revolving Loans	-	-	56,132	80,379	56,132	80,379
Compensated Absences	110,399	109,311	17,498	14,664	127,897	123,975
Net Pension Liability	6,792,619	7,973,952	671,797	788,633	7,464,416	8,762,585
Total	<u>\$ 8,564,446</u>	<u>9,568,306</u>	<u>745,427</u>	<u>883,676</u>	<u>9,309,873</u>	<u>10,451,982</u>

The compensated absences liability identified above refers to the current balance of what has been earned as a termination benefit that will be paid over time as people leave or retire. This liability refers to vacation pay for employees of the city. See Note 1 for more details.

Contact the City's Financial Management

Questions about this report or requests for additional financial information may be addressed to:

Ron Duckworth, City Clerk/Finance Director
City of Pass Christian, Mississippi
200 West Scenic Drive
Pass Christian, MS 39571
(228) 452-3311

FINANCIAL STATEMENTS

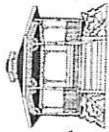


City of Pass Christian, Mississippi

Statement of Net Position September 30, 2021

	Governmental	Business-Type	Total
Assets			
Current assets			
Cash	\$ 10,577,054	3,377,149	13,954,203
Taxes receivable	4,610,982	-	4,610,982
Intergovernmental receivables	1,171,746	412,380	1,584,126
Receivables (net of allowance for bad debt)	412,612	187,532	600,144
Loans and advances between activities	(678,374)	678,374	-
Prepaid insurance	169,684	10,500	180,184
Total current assets	<u>16,263,704</u>	<u>4,665,935</u>	<u>20,929,639</u>
Noncurrent assets			
Restricted cash	471,129	-	471,129
Capital assets, net of accumulated depreciation:			
Land and construction in progress	1,790,675	175,695	1,966,370
Other depreciable capital assets	23,560,715	61,783,664	85,344,379
Total noncurrent assets	<u>25,822,519</u>	<u>61,959,359</u>	<u>87,781,878</u>
Total assets	<u>42,086,223</u>	<u>66,625,294</u>	<u>108,711,517</u>
Deferred outflow of resources			
Deferred amount on pensions	1,476,023	145,979	1,622,002
Total deferred outflow of resources	<u>1,476,023</u>	<u>145,979</u>	<u>1,622,002</u>
Liabilities			
Current liabilities			
Claims and wages payable	630,563	236,867	867,430
Unearned revenue	3,660	26,555	30,215
Accrued interest payable	8,114	-	8,114
Payable from restricted assets - customer deposits	-	199,745	199,745
Debt - due within one year:			
Capital debt	305,105	-	305,105
Noncapital debt	30,641	2,359	33,000
Total current liabilities	<u>978,083</u>	<u>465,526</u>	<u>1,443,609</u>
Non-current liabilities			
Debt - due in more than one year:			
Capital debt	1,356,323	56,132	1,412,455
Noncapital debt	79,758	15,139	94,897
Net pension liability	6,792,619	671,797	7,464,416
Total non-current liabilities	<u>8,228,700</u>	<u>743,068</u>	<u>8,971,768</u>
Total liabilities	<u>9,206,783</u>	<u>1,208,594</u>	<u>10,415,377</u>
Deferred inflows of resources			
Property tax for future reporting period	4,231,949	-	4,231,949
Deferred amount on pensions	2,122,133	209,881	2,332,014
Total deferred inflows of resources	<u>6,354,082</u>	<u>209,881</u>	<u>6,563,963</u>
Net position			
Investment in capital assets, net of related debt	23,689,962	61,903,227	85,593,189
Restricted net position			
Nonexpendable			
Prepaid	169,684	10,500	180,184
Unrestricted	4,141,735	3,439,071	7,580,806
Total net position	<u>\$ 28,001,381</u>	<u>65,352,798</u>	<u>93,354,179</u>

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



City of Pass Christian, Mississippi

Statement of Activities

For Fiscal Year Ended September 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ (1,527,300)	54,161	-	-	\$ (1,473,139)	(1,473,139)
Public safety	(4,004,608)	113,364	40,986	26,789	(3,823,469)	(3,823,469)
Public works	(2,673,756)	-	59,037	2,320,679	(294,040)	(294,040)
Recreation and community services	(302,973)	19,082	-	-	(283,891)	(283,891)
Beautification	(343,917)	-	-	-	(343,917)	(343,917)
Economic development	(59,254)	176,394	-	-	117,140	117,140
Interest on long-term debt	(40,118)	-	-	-	(40,118)	(40,118)
Total governmental activities	(8,951,926)	363,001	100,023	2,347,468	(6,141,434)	(6,141,434)
Business-type activities:						
Water and sewer	(2,902,043)	2,450,178	-	39,205	(412,660)	(412,660)
Harbor	(1,745,078)	446,728	-	420,382	(877,968)	(877,968)
Total business-type activities	(4,647,121)	2,896,906	-	459,587	(1,290,628)	(1,290,628)
Total government	\$ (13,599,047)	3,259,907	100,023	2,807,055	(1,290,628)	(7,432,062)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					3,532,703	3,532,703
Property taxes, levied for special purposes					161,999	161,999
Sales and use taxes					1,841,849	1,841,849
Franchise taxes					341,244	341,244
Grants and contributions, unrestricted					335,529	335,529
Unrestricted investment earnings					146,073	146,073
Miscellaneous					177,637	177,637
Total general revenues					6,537,034	6,537,034
Transfers					(59,000)	(59,000)
Total general revenues and transfers					6,478,034	6,478,034
Changes in net position					336,600	336,600
Net position - beginning of year, restated					27,664,781	27,664,781
Net position - end of year					\$ 28,001,381	\$ 28,001,381
					\$ 65,352,798	\$ 65,352,798
					\$ 93,354,179	\$ 93,354,179

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



City of Pass Christian, Mississippi

Balance Sheet – Governmental Activities September 30, 2021

	Major				Total Governmental Funds
	General Fund	Hurricane Fund	Building Construction Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 5,814,238	-	3,454,185	1,252,893	10,521,316
Receivables:					
Property tax	4,174,900	-	-	190,806	4,365,706
Sales tax	145,080	-	-	-	145,080
Franchise taxes	100,196	-	-	-	100,196
Intergovernmental	1,800	1,169,946	-	-	1,171,746
Court fines & fees	412,612	-	-	-	412,612
Prepaid insurance	169,684	-	-	-	169,684
Restricted/Noncurrent Cash	26,761	209,539	-	-	526,867
Loans and advances due from other funds	292,158	332,712	500,000	290,567	1,124,870
Total assets	<u>11,137,429</u>	<u>1,712,197</u>	<u>3,954,185</u>	<u>1,734,266</u>	<u>18,538,077</u>
LIABILITIES					
Accounts payable	260,002	86,976	130,088	-	477,066
Accrued wages payable	153,497	-	-	-	153,497
Amounts held for others	-	-	-	3,660	3,660
Loans and advances due to other funds	51,707	1,751,537	-	-	1,803,244
Total Liabilities	<u>465,206</u>	<u>1,838,513</u>	<u>130,088</u>	<u>3,660</u>	<u>2,437,467</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	4,042,666	-	-	189,283	4,231,949
Unavailable revenue - fines	412,612	-	-	-	412,612
Total Deferred Inflows of Resources	<u>4,455,278</u>	<u>-</u>	<u>-</u>	<u>189,283</u>	<u>4,644,561</u>
FUND BALANCES					
Nonexpendable					
Prepaid	169,684	-	-	-	169,684
Restricted:					
Grant purpose	-	-	-	20,220	20,220
Public safety	-	-	-	30,383	30,383
Assigned:					
Community support	-	-	-	54,672	54,672
Capital projects	-	-	3,824,097	1,436,048	5,260,145
Unassigned	6,047,261	(126,316)	-	-	5,920,945
Total Fund Balances	<u>\$ 6,216,945</u>	<u>(126,316)</u>	<u>3,824,097</u>	<u>1,541,323</u>	<u>11,456,049</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,137,429</u>	<u>1,712,197</u>	<u>3,954,185</u>	<u>1,734,266</u>	<u>18,538,077</u>

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



City of Pass Christian, Mississippi

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position September 30, 2021

		Amount
Total Fund Balance - Governmental Funds		\$ 11,456,049
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Governmental capital assets	\$ 36,996,434	
Less: accumulated depreciation	<u>(11,645,044)</u>	25,351,390
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Court fines receivable		412,612
Long-term debt is not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (930,000)	
Notes payable	(731,428)	
Compensated absences	<u>(110,399)</u>	(1,771,827)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		
		(8,114)
Other long-term liabilities, including net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(6,792,619)
Deferred outflows and inflows of resources related to pensions are applicable to future periods, and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions	\$ 1,476,023	
Deferred inflows of resources related to pensions	<u>(2,122,133)</u>	(646,110)
Net Position of Governmental Activities		<u>\$ 28,001,381</u>

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



City of Pass Christian, Mississippi

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds For the Fiscal Year Ended September 30, 2021

	Major				
	General Fund	Hurricane Fund	Building Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 3,532,703	-	-	161,999	3,694,702
General sales taxes	1,841,849	-	-	-	1,841,849
Franchise fees	341,244	-	-	-	341,244
Licenses and permit fees	173,055	-	-	-	173,055
Intergovernmental	516,711	1,169,946	-	1,191,718	2,878,375
Charges for services	82,806	-	-	-	82,806
Fines and forfeitures	71,012	-	-	-	71,012
Investment earnings	78,894	-	59,300	7,879	146,073
Miscellaneous	15,508	-	-	-	15,508
Total revenues	6,653,782	1,169,946	59,300	1,361,596	9,244,624
Expenditures:					
General government	1,210,795	1,411	35,727	161,800	1,409,733
Public safety	3,511,837	8,156	43,177	15,569	3,578,739
Public works	893,200	1,286,695	-	-	2,179,895
Culture & recreation	110,523	-	-	-	110,523
Beautification	264,258	-	-	65,190	329,448
Economic development	56,999	-	-	-	56,999
Capital outlay	97,932	-	350,883	44,492	493,307
Debt service:					
Principal	115,000	-	188,690	-	303,690
Interest and other fiscal charges	23,453	-	18,892	-	42,345
Total expenditures	6,283,997	1,296,262	637,369	287,051	8,504,679
Excess (deficiency) of revenues over expenditures	369,785	(126,316)	(578,069)	1,074,545	739,945
Other financing sources (uses):					
Proceeds from sale of assets	155,000	-	-	-	155,000
Proceeds from insurance	18,296	-	-	-	18,296
Proceeds from loan	-	-	480,075	-	480,075
Transfers In	20,600	-	-	151,929	172,529
Transfers Out	(60,929)	-	(166,387)	(4,213)	(231,529)
Total other financing sources (uses)	132,967	-	313,688	147,716	594,371
Net change in fund balances	502,752	(126,316)	(264,381)	1,222,261	1,334,316
Fund balances - beginning, restated	5,714,193	-	4,088,478	319,062	10,121,733
Fund balances - ending	\$ 6,216,945	(126,316)	3,824,097	1,541,323	11,456,049

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



City of Pass Christian, Mississippi

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities For the Fiscal Year Ended September 30, 2021

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 1,334,316
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital asset purchases amounted to \$493,307 and the depreciation expense amounted to \$1,033,229.	(539,922)
In the statement of activities, only the gain or loss of the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sales increase financial resources.	(44,440)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Issuance of note payable	\$ (480,075)
Repayment of principal	<u>303,690</u>
	(176,385)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full accrual basis of accounting.	(70,394)
Pension expense and other related activity do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	
Additional pension expense	(167,714)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Accrued interest payable on long-term debt	2,227
Changes in compensated absences	<u>(1,088)</u>
Change in net position of governmental activities	\$ <u><u>336,600</u></u>

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



City of Pass Christian, Mississippi

Statement of Net Position Proprietary Funds September 30, 2021

	Proprietary Funds		
	Water and Sewer	Harbor	Total
Assets			
Current assets:			
Cash	\$ 3,377,049	100	3,377,149
Intergovernmental receivables	39,205	373,175	412,380
Customer accounts receivable, net	186,399	1,133	187,532
Loans and advances due from other funds	1,301,707	-	1,301,707
Prepaid insurance	10,500	-	10,500
Total current assets	4,914,860	374,408	5,289,268
Non-current assets			
Capital assets:			
Land and construction in progress	35,108	140,587	175,695
Buildings	-	1,385,557	1,385,557
Infrastructure	39,245,607	42,328,593	81,574,200
Mobile equipment	40,980	157,389	198,369
Furniture and equipment	245,327	238,123	483,450
Less accumulated depreciation	(11,827,474)	(10,030,438)	(21,857,912)
Total non-current assets	27,739,548	34,219,811	61,959,359
Total Assets	32,654,408	34,594,219	67,248,627
Deferred outflow of resources			
Deferred outflow - pension liability	58,392	87,587	145,979
Total deferred outflow of resources	58,392	87,587	145,979
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	191,322	28,290	219,612
Accrued wages	6,611	10,644	17,255
Loans and advances due to other funds	17,038	606,295	623,333
Unearned revenue	17,005	9,550	26,555
Notes payable	24,675	-	24,675
Compensated absences	845	1,514	2,359
Customer deposits	199,745	-	199,745
Total current liabilities	457,241	656,293	1,113,534
Non-current liabilities:			
Notes payable	31,457	-	31,457
Net pension liability	223,932	447,865	671,797
Compensated absences	5,918	9,221	15,139
Total non-current liabilities	261,307	457,086	718,393
Total liabilities	718,548	1,113,379	1,831,927
Deferred inflow of resources			
Deferred inflow - pension liability	83,952	125,929	209,881
Total deferred inflow of resources	83,952	125,929	209,881
Net position			
Investment in capital assets, net of related debt	27,683,416	34,219,811	61,903,227
Restricted -Nonexpendable	10,500	-	10,500
Unrestricted	4,216,384	(777,313)	3,439,071
Total net position	\$ 31,910,300	33,442,498	65,352,798

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



City of Pass Christian, Mississippi

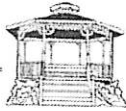
Statement of Revenues, Expenditures and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2021

	Proprietary Funds		
	Water and Sewer	Harbor	Total
Revenues:			
Charges for services	\$ 2,420,861	342,706	2,763,567
Tap and connection fees	29,317	-	29,317
Lease income	-	104,022	104,022
Miscellaneous operating revenues	6,608	11,500	18,108
Total operating revenues	<u>2,456,786</u>	<u>458,228</u>	<u>2,915,014</u>
Operating expenses:			
Personal services	302,289	227,560	529,849
Contractual services	1,453,920	353,720	1,807,640
Utilities	141,167	107,684	248,851
Repairs and maintenance	257,224	23,233	280,457
Other supplies and expenses	18,664	18,872	37,536
Depreciation	727,566	1,014,009	1,741,575
Total operating expenses	<u>2,900,830</u>	<u>1,745,078</u>	<u>4,645,908</u>
Operating income (loss)	<u>(444,044)</u>	<u>(1,286,850)</u>	<u>(1,730,894)</u>
Non-operating revenues (expenses)			
Interest and investment revenue	55,148	3,073	58,221
Capital grants	39,205	420,382	459,587
Interest expense	(1,213)	-	(1,213)
Transfers in	59,000	-	59,000
Total non-operating revenues (expenses)	<u>152,140</u>	<u>423,455</u>	<u>575,595</u>
Change in net position	<u>(291,904)</u>	<u>(863,395)</u>	<u>(1,155,299)</u>
Net Position - beginning	<u>32,202,204</u>	<u>34,305,893</u>	<u>66,508,097</u>
Total net position - ending	<u>\$ 31,910,300</u>	<u>33,442,498</u>	<u>65,352,798</u>

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



City of Pass Christian, Mississippi

Statement Cash Flows

Proprietary Funds

For the Fiscal Year Ended September 30, 2021

	Water and Sewer	Harbor	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 2,453,321	433,865	2,887,186
Other operating receipts	6,608	11,500	18,108
Cash paid to suppliers and contractors	(1,841,440)	(491,539)	(2,332,979)
Cash paid to employees	(192,686)	(309,036)	(501,722)
Net cash provided by (used in) operating activities	<u>425,803</u>	<u>(355,210)</u>	<u>70,593</u>
Cash Flows From Non-Capital Financing Activities			
Advances from (to) other funds	(1,175,509)	234,312	(941,197)
Net cash flows from non-capital financing activities	<u>(1,175,509)</u>	<u>234,312</u>	<u>(941,197)</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(209,973)	-	(209,973)
Capital grants received	-	117,825	117,825
Repayment of notes payable	(24,247)	-	(24,247)
Interest on notes payable	(1,213)	-	(1,213)
Net cash used in capital and related financing activities	<u>(235,433)</u>	<u>117,825</u>	<u>(117,608)</u>
Cash Flows From Investing Activities			
Interest received	55,148	3,073	58,221
Net cash flows from investing activities	<u>55,148</u>	<u>3,073</u>	<u>58,221</u>
Net increase (decrease) in cash	(929,991)	-	(929,991)
Cash - October 1	4,307,040	100	4,307,140
Cash - September 30	<u>\$ 3,377,049</u>	<u>100</u>	<u>3,377,149</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (444,044)	(1,286,850)	(1,730,894)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	727,566	1,014,009	1,741,575
(Increase) decrease in:			
Receivables	(43,400)	12,860	(30,540)
Prepaid insurance	(1,167)	2,844	1,677
Increase (decrease) in:			
Accounts payable	29,535	9,126	38,661
Accrued wages payable	2,815	5,891	8,706
Unearned revenue	(9,745)	(25,723)	(35,468)
Pension items	105,669	(89,082)	16,587
Compensated absences payable	1,119	1,715	2,834
Customer deposits	57,455	-	57,455
Net cash provided by (used in) operating activities	<u>\$ 425,803</u>	<u>(355,210)</u>	<u>70,593</u>

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

NOTES TO THE FINANCIAL STATEMENTS



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies

The City of Pass Christian, Mississippi, (the "City") was incorporated February 21, 1848 under the laws of the State of Mississippi. The City operates under a Code Charter form of government, which provides for an elected mayor and a five-member board of Alderman. The following services are authorized by the City's charter: Public Safety (Police, Fire, Civil Defense and Protection Inspection), Street Maintenance, Garbage Collection, Water and Sewer, Culture, Recreation and Community Services, Public Improvements, Planning and Zoning, and General Administrative Services. The accounting and reporting policies of the City relating to the funds and accounts groups included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the City are described below.

A. Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City's governing board. As defined by accounting principles generally accepted in the United States of America, the City is considered a "primary government." The City is governed by a five member board in which each member was elected by the citizens of each defined ward.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in Accounting Principles Generally Accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Excluded from the reporting entity:

Pass Christian Municipal Separate School District, Pass Christian Historical Society, Pass Christian Recovery, Inc., Pass Christian Housing Authority and Pass Christian Main Street.

These potential component units have separate elected and/or appointed boards and provide services to residents, generally within the geographic boundaries of the City. These are excluded from the reporting entity because the City does not have the ability to exercise influence or control over their daily operations, approve budgets or provide funding.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Harrison County Utility Authority

This potential component unit was established by State Code and its governing board is appointed jointly by the area governments' governing bodies. This is an independent unit that selects management staff, sets user charges, establishes budgets and controls all aspects of its daily activities. The District has been determined to be a joint venture of the participating agencies. See Note 11 for details.

B. Basis of Presentation.

The City's basic financial statement consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the City as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business -type activities of the City at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues, not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.



City of Pass Christian, Mississippi

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider recognizes the liability to the City. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The City's proprietary funds apply all applicable GASB pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of the proprietary funds are classified as operating and non-operating. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's primary operations. All other revenue and expenses are reported as non-operating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major Governmental Funds:

General Fund - This is the City's primary operating fund. It is used to account for all activities of the general government for which a separate fund has not been established.

Building Construction Fund - This is a capital projects fund created for the purpose of accounting for insurance proceeds and board approved construction projects using those funds.

Hurricane Fund - This fund was established in 2021 to account for the funds used to repair infrastructure damage caused by Hurricane Zeta and to track reimbursements from FEMA.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Additionally, the City reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other assets.

PROPRIETARY FUNDS

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the City has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

It is the intent of the Board of Alderman that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and that periodic determination of revenues earned, expenses incurred, and net income be identified for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers' Association.

E. Deposits and Investments

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any City, municipality or school district of this state. Further, the City may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the City did not invest in any governmental securities during the fiscal year.



City of Pass Christian, Mississippi

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

F. Receivables

All trade receivables are shown net of an allowance for uncollectibles. Miss. Code Ann. (1972) does not allow for write-off of debt owed to municipalities. The amount represented on the financial statements is conclusive of all bad debts owed by customers of the water and sewer department and the harbor fund since the City started providing these services to citizens. The allowances are based on trade receivables in excess of 120 days outstanding.

G. Inter-fund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned.

Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Any outstanding balances between fiduciary funds and the government-wide activities of the government are reported as Intra-entity Balances and included in intergovernmental receivables on the Statement of Net Position.

H. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs has been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. The City meets these criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.



City of Pass Christian, Mississippi

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization of interest does not have a material effect on the City's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year.

The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	5-10 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

I. Unearned Revenue.

Receipts from revenues and grants for which the earning process is not complete are classified as deferred revenue, a liability, on the statement of net position.

J. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and the Proprietary Fund financial information, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business activities Statement of Net Position.

K. Compensated Absences.

The City has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

The City's vacation policy provides for two weeks of vacation after two years of employment. An employee may accumulate unused vacation leave hours without limitation, however, cash payments upon employee termination or retirement are limited to a maximum of two weeks of pay. Employees have no claim for accumulated sick leave at termination, for retirement, lay-off, or cause. As such, no provision for unused sick leave has been provided in the financial statements. Unused vacation and sick leave balances may be credited to the Public Employee's Retirement System (PERS) as time worked.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources expenditure until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

Deferred amounts on pensions – Deferred outflows and inflows of resources should be reported when to show the City's proportionate share of amounts of the effects of actuarial differences and changes in assumptions to economic or demographic factors and differences between actual and projected earnings of multi-employer pension plan. In addition, a deferred inflow should be reported for employer contributions to the pension plan made subsequent to the measurement date.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

M. Postemployment Benefits Other than Pensions (OPEB)

COBRA

In compliance with federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the state offers health and dental benefits on a temporary basis to qualified beneficiaries whose benefit coverage would otherwise end because of a qualifying event such as loss of employment. COBRA coverage is available on a self-paid basis and is the same medical and dental coverage available to state employees.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Fund Balance Policies

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which amount in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. The following are descriptions of fund classifications used by the City:

Non-spendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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.

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 fund, this is the residual amount within the fund that is not classified as non-spendable and is neither restricted nor committed. Assignments of fund balance are created by management pursuant to authorization established by the Board of Alderman.

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 if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.



City of Pass Christian, Mississippi

Notes to the Financial Statements

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

O. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

P. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

Q. Property Tax Revenues

Numerous statutes exist under which the Board of Alderman may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Alderman, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

R. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

S. Capital Contributions

Assets contributed by other organizations and governmental agencies are recorded at fair value at the time of the contribution. In the governmental fund statements, an equal amount of expense by function is recorded for capital assets that will not be capitalized because it does not meet the capitalization threshold. The fair value of these assets is recorded as operating grants in the Statement of Activities. Those assets received that will be capitalized are recorded as capital outlay in the fund statements and capital grant revenues in the Statement of Activities.

T. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

U. Unearned Revenue.

Receipts from revenues and grants for which the earning process is not complete are classified as unearned revenue, a liability, on the statement of net position.

V. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

W. Reporting Changes and New Accounting Pronouncements for Future Implementation

New Accounting Pronouncements for Future Implementation

In June 2017, the GASB issued Statement No. 87, *Leases*. The provisions of GASB 87 are effective for fiscal years beginning after June 15, 2021. The primary objectives of GASB 87 are to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement will enhance the relevance and consistency of information about a government's leasing activities, as well as the decision-usefulness of the information provided to financial statement users by requiring notes to the financial statements related to the timing, significance, and purpose of a government's leasing arrangements.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The provisions of GASB 89 are effective for reporting periods beginning after December 15, 2020. The primary objectives of Statement 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period.

X. Comparative Data and Reclassifications

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

A restatement of beginning fund balance in the amount of \$55,738 was the result of monies received from the Modernization Infrastructure Use tax being moved from the general fund into an other governmental fund.

Note 2 – Stewardship, Compliance and Accountability

A. Budgetary Data

The procedures used by the City in establishing budget are mandated by Mississippi State law. A brief summary of the City's policies for recording budgetary data in the financial statements are as follows:

1. Prior to August 1, the Mayor submits to the Board of Alderman a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. No later than September 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all governmental and proprietary funds.
5. Budgets for the governmental and proprietary funds are adopted on a cash basis except for expenditures which include those paid within 30 days of the fiscal year end as required by state statute.

B. Budgetary – GAAP Reporting Reconciliations

Annual budgets are adopted for the major and non-major governmental funds. Budgetary comparisons, presented in the required supplementary information section of this report, are on the budgetary basis. Certain adjustments are necessary to compare actual data on a GAAP versus budget basis. These reconciling adjustments can be found in the notes to the required supplementary information.



City of Pass Christian, Mississippi

Notes to the Financial Statements September 30, 2021

Note 3 – Cash

A summary of cash at September 30, 2021 is as follows:

	Deposits with Financial Institutions		Cash on Hand	Total
	Unrestricted	Restricted		
Governmental funds:				
General Fund	\$ 5,812,665	26,761	1,573	5,840,999
Hurricane Fund		209,539	-	209,539
Building Construction Fund	3,454,185	-	-	3,454,185
Other governmental fund	1,252,893	290,567	-	1,543,460
Total governmental funds	10,519,743	526,867	1,573	11,048,183
Proprietary funds:				
Water & Sewer Fund	3,377,049	-	-	3,377,049
Harbor Fund	-	-	100	100
Total proprietary funds	3,377,049	-	100	3,377,149
Total cash	\$ 13,896,792	526,867	1,673	14,425,332

The carrying amount of the city's total deposits with financial institutions at September 30, 2021, was \$14,425,332, and the bank balance was \$14,601,771. Of this amount \$500,106 and \$26,761 is restricted for grant restrictions and unemployment trust, respectively. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by §27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 4 – Interfund Transactions and Balances

Fund Financial Statements

A. Loans and Advances - Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hurricane Fund	\$ 1,537
General Fund	Harbor Fund	290,121
General Fund	Water & Sewer Fund	500
Hurricane Fund	Water & Sewer Fund	16,538
Hurricane Fund	Harbor Fund	316,174
Building Construction Fund	Hurricane Fund	500,000
Water & Sewer Fund	General Fund	51,707
Water & Sewer Fund	Hurricane Fund	1,250,000
		<u>\$ 2,426,577</u>

During the course of the year, certain expenditures were paid on a reimbursement basis requiring the City to borrow monies at year-end from the general fund in order to prevent a deficit cash balance in certain funds. Allocation percentages of federal reimbursement for construction projects caused expenditures to be paid from the wrong fund requiring many "due to/due from" transactions requiring cash transfer after year end.

Long-term Advances

A long-term advance was made from the general fund to the Employment Compensation Revolving Fund (Unemployment Fund) that is established in compliance with Miss. Code Ann. (1972) § 71-5-359. This amount is shown on the financial statements as an advance to other fund in the general fund and as amounts held in trust for benefit and other purposes in the fiduciary funds in the amount of \$26,761 for the year ended September 30, 2021. In addition, the General fund made a long-term advance to the Water & Sewer fund of \$500 to establish a new checking account to account for the Water & Sewer credit card collections.

B. Transfers

In addition to the above due to/from balances, the following transfers were made between funds during the year ended September 30, 2021:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Building Construction Fund	\$ 16,387
General Fund	Other Governmental Funds	4,213
Other Governmental Funds	General Fund	1,929
Other Governmental Funds	Building Construction Fund	150,000
Water & Sewer Fund	General Fund	59,000
Total		<u>\$ 231,529</u>

Transfers are indicative of the City's matching portion of various capital projects, lease payments, and debt service. The Building Construction fund transferred \$150,000 to the Gulf Coast Restoration Fund for the specific purpose of matching funds required by the grant.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 5 – Receivables

A. Governmental Activities

Receivables in the governmental activities at September 30, 2021, consisted of the following:

Taxes receivable:	
Property taxes	\$ 4,365,706
Sales taxes	145,080
Franchise taxes	100,196
Total taxes receivable	<u>4,610,982</u>
Intergovernmental receivable:	
Federal/State grants	1,169,946
State aid	1,800
Total intergovernmental	<u>1,171,746</u>
Court fines receivable	1,597,671
Less: allowance for doubtful accounts	(1,185,059)
Total court fines receivable, net	<u>412,612</u>
Total receivable - governmental activities	<u>\$ 6,195,340</u>

Property tax for future reporting period – Of the \$4,365,706 reported as property taxes receivable, \$4,231,949 has been deferred in the funds. Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

B. Business-type Activities

Receivable in the business-type activities at September 30, 2021, consisted of the following:

Intergovernmental receivable:	
Federal/State grants	\$ 412,380
Total intergovernmental	<u>412,380</u>
Customer accounts receivable:	
Customer utility charges (billed)	451,091
Customer berth rentals	82,179
Customer accounts, earned but unbilled	102,007
Less: allowance for doubtful accounts	(447,745)
Total customer accounts receivable, net	<u>187,532</u>
Total receivable - business-type activities	<u>\$ 599,912</u>

All trade receivables are shown net of an allowance for bad debt. As of September 30, 2021, an allowance in the amount of \$366,699 has been provided in the Water and Sewer Enterprise Fund for estimated uncollectible utility charges and an allowance in the amount of \$81,046 has been provided for the Harbor Fund for estimated uncollectible harbor berth rentals.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 5 – Receivables (Continued)

Unearned revenue as of September 30, 2021, in the amount of \$17,005 in the Water & Sewer Fund and \$9,550 in the Harbor Fund represents customer account receivables that have been prepaid or amounts to be refunded.

Note 6 – Capital assets

The following is a summary of capital assets activity for the year ended September 30, 2021:

A. Governmental Activities

	Balance 10/1/2020	Additions	Disposals	Balance 9/30/2021
<u>Non-depreciable capital assets:</u>				
Land	1,790,775	-	(100)	1,790,675
Total non-depreciable capital assets	1,790,775	-	(100)	1,790,675
<u>Depreciable capital assets:</u>				
Building	15,805,254	-	-	15,805,254
Infrastructure	12,302,321	21,187	-	12,323,508
Mobile equipment	5,481,251	241,385	(443,397)	5,279,239
Furniture and equipment	1,567,023	230,735	-	1,797,758
Total depreciable capital assets	35,155,849	493,307	(443,397)	35,205,759
<u>Depreciation</u>				
Building	3,296,072	315,585	-	3,611,657
Infrastructure	3,362,552	430,952	-	3,793,504
Mobile equipment	3,229,493	243,508	(399,057)	3,073,944
Furniture and equipment	1,122,755	43,184	-	1,165,939
Total accumulated depreciation	11,010,872	1,033,229	(399,057)	11,645,044
Total depreciable capital assets, net	24,144,977	(539,922)	(44,340)	23,560,715
Governmental activities capital assets, net	<u>\$ 25,935,752</u>	<u>(539,922)</u>	<u>(44,440)</u>	<u>25,351,390</u>

Depreciation expense was charged to the following governmental functions:

General government	\$ 91,132
Public safety	262,813
Public works	481,454
Culture and recreation	190,773
Beautification	6,057
Total depreciation - government-type activities	<u>\$ 1,032,229</u>



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 6 – Capital assets (continued)

B. Business-type Activities

The following is a summary of capital assets activity for the year ended September 30, 2021:

	Balance 10/1/2020	Additions	Disposals	Balance 9/30/2021
<u>Non-depreciable capital assets:</u>				
Land	142,135	-	-	142,135
Construction in progress	-	33,560	-	33,560
Total non-depreciable capital assets	142,135	33,560	-	175,695
<u>Depreciable capital assets:</u>				
Building	1,385,557	-	-	1,385,557
Infrastructure	81,397,788	176,413	-	81,574,201
Mobile equipment	198,369	-	-	198,369
Furniture and equipment	483,450	-	-	483,450
Total depreciable capital assets	83,465,164	176,413	-	83,641,577
<u>Depreciation</u>				
Building	269,073	44,338	-	313,411
Infrastructure	19,460,458	1,639,525	-	21,099,983
Mobile equipment	143,556	26,215	-	169,771
Furniture and equipment	243,251	31,497	-	274,748
Total accumulated depreciation	20,116,338	1,741,575	-	21,857,913
Total depreciable capital assets, net	63,348,826	(1,565,162)	-	61,783,664
Governmental activities capital assets, net	\$ 63,490,961	(1,531,602)	-	61,959,359

Depreciation expense was charged to the following governmental functions:

Water and Sewer	\$ 727,566
Harbor	1,014,009
Total depreciation - business-type activities	\$ 1,741,575



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 7— Long-term Debt

A. Governmental Activities

Transactions for the year ended September 30, 2021 are summarized as follows:

	Balance 10/1/2020	Additions	Retirements	Balance 9/30/2021	Due Within one Year
General Obligation Bonds	\$ 1,045,000	-	(115,000)	930,000	120,000
Notes Payable - MDA	440,043	-	(96,716)	343,327	91,154
Notes Payable - People's	-	480,075	(91,974)	388,101	93,951
Compensated Absences	109,311	173,542	(172,454)	110,399	30,641
Net Pension Liability	7,973,952	-	(1,181,333)	6,792,619	-
	<u>\$ 9,568,306</u>	<u>653,617</u>	<u>(1,657,477)</u>	<u>8,564,446</u>	<u>335,746</u>

General Obligation – Public Improvement Bonds, Series 2021 – On January 30, 2013, the City issued \$1,700,000 in general obligation bonds to be used for public improvements in the City. The bond is to be repaid over 15 years and carries a fixed interest rate of 2.375%. Payment on this bond will be made from general ad valorem tax collections.

Annual debt service requirements to maturity for this bond payable are as follows:

September 30	Principal	Interest	Total
2022	\$ 120,000	20,662	140,662
2023	125,000	17,753	142,753
2024	130,000	14,725	144,725
2025	135,000	11,578	146,578
2026	135,000	8,372	143,372
2027-2028	285,000	6,828	291,828
	<u>\$ 930,000</u>	<u>79,918</u>	<u>1,009,918</u>

Note Payable – Mississippi Development Authority - On June 2, 2020, the City borrowed \$462,066 from the Mississippi Development Authority to be used for the purchase of a new fire truck. The note is to be repaid over 5 years and carries a fixed interest rate of 2%.

Note Payable – People's Bank - In October 2021, the City entered into a lease agreement with People's Bank for the purchase of a new pumper truck. The loan amount of \$480,075 carries a 2.15% interest rate over 5 years. The City will make \$102,296 annual payment beginning October 26, 2021.

Annual debt service requirements to maturity for these notes payable are as follows:

September 30	Principal	Interest	Total
2022	\$ 185,105	14,378	199,483
2023	188,965	10,518	199,483
2024	192,906	6,578	199,484
2025	164,452	2,636	167,088
	<u>\$ 731,428</u>	<u>34,110</u>	<u>765,538</u>



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 7— Long-term Debt (Continued)

B. Business-type Activities

Transactions for the year ended September 30, 2021 are summarized as follows:

	Balance 10/1/2020	Additions	Retirements	Balance 9/30/2021	Due Within one Year
Revolving Loans	\$ 80,379	-	(24,247)	56,132	24,675
Compensated Absences	14,664	21,309	(18,475)	17,498	2,359
Net Pension Liability	788,633	-	(116,836)	671,797	-
	<u>\$ 883,676</u>	<u>21,309</u>	<u>(159,558)</u>	<u>745,427</u>	<u>27,034</u>

Revolving Loans - The City's utility enterprise fund finances extensions and improvements to its system through note obligations, which are subordinate to the revenue bonds.

The utility currently has one state revolving loan, which enabled the City to provide sewer services in needed areas. The loan is to be repaid over a period of twenty years, bearing an interest rate of 1.75%. Payment on this loan is made by way of sales tax reductions from amounts due to the City for sales tax collected in the City. The Water and Sewer Fund then reimburses the General Fund for the amount of the deduction.

Annual debt service requirements to maturity for this note payable are as follows:

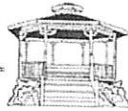
September 30	Principal	Interest	Total
2022	\$ 24,675	785	25,460
2023	25,110	350	25,460
2024	6,347	19	6,366
	<u>\$ 56,132</u>	<u>1,154</u>	<u>57,286</u>

C. 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, 2021, the amount of outstanding debt was equal to 1.08% of the latest property assessments.

D. Compensated Absences

Compensated absences will be paid from the funds from which the employees' salaries were paid which are generally the General Fund, Water Sewer Fund and Harbor Fund.



City of Pass Christian, Mississippi

Notes to the Financial Statements

September 30, 2021

Note 8 – Property and Sales Tax Revenue

A. Property Tax Revenues

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Harrison County tax assessor from information extracted from the City assessment tax rolls. The taxes on real property attach as an enforceable lien on the property as January 1. Taxes on real and personal property are levied by the Board of Alderman at the first regular meeting in September. In accordance with the Mississippi Code of 1972, as amended, the Board of Alderman may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for the current year are limited to an increase of not more than 10% over receipts for any one of the preceding ten years or a minimum of 20 mills. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation.

The rates are expressed in terms of mills (i.e., ten mills equal one cent). The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt but exclusive of school bond and interest for the year ended September 30, 2021 was 48.74 mills or \$48.74 per \$1,000 of assessed valuation.

Property taxes at the fund level are recorded as receivables and deferred inflow of resources at the time the taxes are levied. Revenues are recognized as the related ad valorem taxes are collected including those collected 60 days after year-end. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with GAAP have been recognized as revenue.

B. General Sales Tax Revenues

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Pass Christian) back to the City monthly. General sales tax revenue reported in the General Fund was \$1,841,849.

C. Infrastructure Modernization Use Tax Revenue

In 2018, the State began its Modern Infrastructure Use Tax Program. The bill allows for the State to capture 35% of use tax and distribute these amounts as follows: 5% to the Local System Bridge Program; 15% to municipalities; and 15% to counties. These funds assist municipalities in paying cost associated with repair, maintenance and/or reconstruction of roads, streets and bridges and also with repair, maintenance and/or other improvements to water and sewer infrastructure. The City received \$180,565 of Infrastructure Modernization use tax that is reported in an other governmental fund for tracking receipts and expenditures in accordance with state restrictions of use.

Note 9 – Unemployment Compensation Fund

The City maintains a revolving fund for unemployment compensation benefits with a balance of approximately 2% of the first \$6,000 of employee wages paid in the preceding calendar year. These contributions are in lieu of making payments to the Mississippi Employment Security Commission.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 10 – Retirement Plan

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit 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.

Plan Description and Provisions

Substantially all of the City's full-time employees participate in PERS. 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.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public cities. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions and the Board's authority to determine contribution rates are established by Miss. Code Ann. §25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 10 – Retirement Plan (continued)

Contributions

PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2021, was 17.4% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2021, 2020 and 2019 were \$608,856, \$541,295, and \$463,948, respectively, which equaled the required contributions for each year.

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

At September 30, 2021, the City reported a liability of \$6,792,619 in the governmental activities and \$671,797 in the business-type activities for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the PERS net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City's proportion was .051%. For the year ended September 30, 2021, the City recognized PERS pension expense for governmental activities of \$721,773 and for business-type activities \$71,384.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Governmental	Business-type	Total
Differences between expected and actual experience	\$ 108,614	10,742	119,356
Changes of assumptions	522,689	51,694	574,383
Changes in proportion and differences between City contributions and proportionate share of contributions	704,101	69,636	773,737
City contributions subsequent to the measurement date	140,619	13,907	154,526
Total deferred outflows of resources	<u>\$ 1,476,023</u>	<u>145,979</u>	<u>1,622,002</u>

	Deferred Inflows of Resources		
	Governmental	Business-type	Total
Net difference between projected and actual earnings on pension plan investments	\$ 2,045,647	202,317	2,247,964
Changes in proportion and differences between City contributions and proportionate share of contributions	76,486	7,564	84,050
Total deferred inflows of resources	<u>\$ 2,122,133</u>	<u>\$ 209,881</u>	<u>\$ 2,332,014</u>

Deferred liabilities and assets, with the exception of differences between projected and actual investment earnings, are amortized over the average of expected remaining service lives. Differences between projected and actual investment earnings are amortized over 5 years.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 10 – Retirement Plan (continued)

Within the deferred outflows, a net amount of \$154,526 of deferred outflows of resources is related to pensions resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the year ended September 30, 2021.

The remaining net amount (\$1,467,476 of deferred outflows and \$2,247,964 of deferred inflows) of (\$864,538) reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	
2022	\$ (46,908)
2023	(12,115)
2024	(135,633)
2025	(669,882)
	<u>\$ (864,538)</u>

Actuarial assumptions

The total pension liabilities in the June 30, 2021, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 percent (net of pension plan investment expense, including inflation)

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an actuarial experience study for the four-year period ending June 30, 2020. The experience report is dated April 20, 2021.

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



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 10 – Retirement Plan (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	-.25
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	-1.00
Total	100.00 %	

Discount rate

The discount rate used to measure the total pension liability for PERS was 7.55 percent, which was based on the future long-term expected rate of return of 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.0%) and at the current contribution rate (17.4%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return investments was applied to all periods of projected benefit payments to determine each plan's total pension liability.

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

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.55 percent) or one percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share of the net pension liability	\$ 10,571,363	\$ 7,464,416	\$ 4,904,045

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which can be obtained at www.pers.ms.gov.



City of Pass Christian, Mississippi

Notes to the Financial Statements

September 30, 2021

Note 11 – Commitments and Contingencies

A. Risk Management

Claims and Judgments - The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Federal Grants - The city has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the City. No provision for any liability that may result has been recognized in the City's financial statements.

Litigation - The City is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the City.

B. Commitments

Contract for "Turn-key" Operations of Water and Wastewater Systems - The City maintains a contract with WPSCO, Inc. for operation and maintenance of the City's water and sewer systems and utility billing of water and sewer systems. In December 2019, the city modified its contract with WPSCO, Inc. to eliminate water and sewer billing, of which the City hired and established its own billing department. The new fee under the contract is \$30,642/mo. Annually, the amount shall be adjusted by the consumer price index by the U.S. Department of Labor Statistics which increase the monthly payment to \$31,439 in June 2021. During the fiscal year ended September 30, 2021 the City paid a total of \$371,685 to WPSCO under this contract.

Cooperative Agreement with Mississippi Regional Housing Authority - In July 1980, the City entered into an agreement with Mississippi Regional Housing Authority No. VIII, authorizing "in lieu of taxes" on housing projects operated by the housing authority within the municipality.

C. Jointly Governed Organizations and Joint Ventures

Joint Venture - The City of Pass Christian contracts with the Harrison County Utility Authority (the "Authority"), whereby the Authority picks up and disposes the City's solid waste and treats and disposes of the City's wastewater in compliance with water quality standards established by the Mississippi Air and Water Pollution Control law and the Federal Water Pollution Control Act.

The Authority provides for the operation and maintenance of the sewer treatment plants on a cost reimbursement basis. Pursuant to the terms of the agreement, the City is required to pay monthly costs of operations and maintenance directly associated with the treatment facilities and to share in the construction costs of the treatment facilities. The costs associated with this contract totaled \$467,727 for solid waste pickup and \$392,943 for wastewater treatment for the year.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 11 – Commitments and Contingencies (continued)

The following is a synopsis of the Authority's financial statements as of and for the year ended September 30, 2021:

CONDENSED STATEMENT OF NET POSITION

ASSETS AND DEFERRED OUTFLOWS

Current assets	\$ 16,269,393
Property, plant and equipment, net of depreciation	209,643,946
Deferred outflows	238,573
Total assets and deferred outflows	<u>226,151,912</u>

LIABILITIES AND DEFERRED INFLOWS

Current liabilities	18,409,426
Long-term liabilities	87,608,082
Deferred inflows	445,124
Total liabilities and deferred inflows	<u>106,462,632</u>

NET POSITION

119,689,280

CONDENSED STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

Operating revenue	\$ 20,712,112
Operating expenses	(20,586,436)
Depreciation and amortization	(14,667,732)
Nonoperating revenues and expense (net)	(13,972,735)
Change in net position	<u>\$ (28,514,791)</u>

The City's obligation to pay operational costs of the Authority is joint and several with the obligations of all other public agencies similarly contracting with the Authority. Whenever any public City shall default in the payment to the Authority of its respective payment, the Authority may adjust the contract sums of the remaining public agencies, which are not in default so as to increase their contract sums by a proportional amount.

A complete copy of these financial statements is on file at the administrative offices of the District which are located at 14108 Airport Road, Pass Christian, Mississippi 39503, or may be obtained by calling (228) 868-8752.

Jointly Governed Organization - On May 18, 1976, the City entered into an agreement with the Board of Trustees of the Pass Christian Public Library, the City of Pass Christian, the Board of Supervisors of Harrison County, The Board of Trustees of the Pass Christian-Harrison County Library, the City of Biloxi, and the Board of Trustees of the Biloxi Public Library to mutually cooperate in securing a more economical public library system through combined resources, interests, materials and facilities to be known as the Harrison County Library System. There are no specific monetary terms in the agreement. However, a budget is approved every year by the County Library Board, which stipulates the amount of funds needed from the participating municipalities and various other funding sources. The City contributed \$161,800 to the Library for the year ended September 30, 2021.



City of Pass Christian, Mississippi

Notes to the Financial Statements
September 30, 2021

Note 12 – Tax Abatements

As of September 30, 2021, the City provides tax abatements and exemptions under Miss. Code Ann. § 17-21-7, that allows municipalities to exempt certain structures in specific economic development districts to encourage economic development and facilitate reconstruction and redevelopment of certain businesses and residential property for a period no longer than 7 years.

Property owners make an application for abatement by submitting documentation to substantiate the qualifying investment with the City pursuant to an economic recovery or redevelopment plan of the City to Harrison County. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%. The City will then pass a resolution granting the exemption once an application has been approved and all requirements have been met. The Board of Supervisors can then choose to abate the county ad valorem tax based on the City's recommendation and resolution. The amount of the abatement is deducted from the recipient's tax bill.

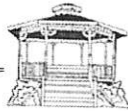
It is estimated for the year ended September 30, 2021, that approximately \$1,837 ad valorem real property taxes have been abated. All City tax abatements expire on January 1, 2022.

Note 13 – 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. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net position date require disclosure in the accompanying notes. Management of the City evaluated the activity of the City through March 21, 2023, (the date the financial statements were available to be issued), and determined that the following significant subsequent event has occurred that requiring disclosure in the notes to the financial statement:

Worldwide Pandemic - In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the City is not estimable at this time.

REQUIRED SUPPLEMENTARY INFORMATION



City of Pass Christian, Mississippi

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

Budget to Actual - (Prepared on the Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variances Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property taxes	\$ 3,574,274	3,574,274	3,527,262	-	(47,012)
General sales and use tax	1,550,000	1,550,000	1,825,136	-	275,136
Fines and forfeitures	110,000	110,000	75,906	-	(34,094)
Intergovernmental	388,000	388,000	407,991	-	19,991
Charges for services	250,950	250,950	250,967	-	17
Franchise fees	370,500	370,500	391,960	-	21,460
Investment earnings	105,075	105,075	82,658	-	(22,417)
Miscellaneous	37,500	37,500	140,888	-	103,388
Total Revenues	6,386,299	6,386,299	6,702,768	-	316,469
Expenditures:					
General government:					
Personnel services	542,860	551,960	530,155	(9,100)	21,805
Supplies	547,454	545,897	663,342	1,557	(117,445)
Contractual	28,550	29,720	19,013	(1,170)	10,707
Capital outlay	-	8,000	-	(8,000)	8,000
Total general government	1,118,864	1,135,577	1,212,510	(16,713)	(76,933)
Public safety:					
Personnel services	3,130,740	3,086,023	2,972,399	44,717	113,624
Supplies	208,850	211,850	206,086	(3,000)	5,764
Contractual	216,000	216,000	202,571	-	13,429
Capital outlay	11,000	55,520	49,311	(44,520)	6,209
Total public safety	3,566,590	3,569,393	3,430,367	(2,803)	139,026
Public works:					
Personnel services	517,718	492,161	470,272	25,557	21,889
Supplies	111,600	120,200	98,322	(8,600)	21,878
Contractual	291,850	307,350	299,780	(15,500)	7,570
Capital outlay	52,500	84,000	80,343	(31,500)	3,657
Total public works	973,668	1,003,711	948,717	(30,043)	54,994
Culture, recreation, and community services					
Personnel services	121,298	109,976	101,746	11,322	8,230
Supplies	33,100	33,100	29,346	-	3,754
Contractual	42,000	43,500	43,953	(1,500)	(453)
Total culture and recreation and community services	196,398	186,576	175,045	9,822	11,531

Variances
Continued on Next Page



City of Pass Christian, Mississippi

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

Budget to Actual - (Prepared on the Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variances Favorable (Unfavorable)	
	Original	Final		Original to Final	Final to Actual
Beautification:					
Personnel services	246,024	233,024	217,946	13,000	15,078
Supplies	34,000	37,600	26,319	(3,600)	11,281
Contractual	19,710	20,510	18,759	(800)	1,751
Capital outlay	-	9,000	8,198	(9,000)	802
Total beautification	299,734	300,134	271,222	(400)	28,912
Economic Development					
Personnel services	59,020	54,220	53,737	4,800	483
Supplies	750	750	453	-	297
Contractual	8,500	2,730	1,650	5,770	1,080
Total economic development	68,270	57,700	55,840	10,570	1,860
Debt service	138,453	138,453	134,210	-	4,243
Total Expenditures	6,361,977	6,391,544	6,227,911	(29,567)	163,633
Excess (Deficiency) of Revenues Over Expenditures	24,322	(5,245)	474,857	(29,567)	480,102
Other Financing Sources (Uses):					
Proceeds from sale of surplus	25,000	25,000	155,000	-	130,000
Transfers from other funds	-	-	(40,329)	-	(40,329)
Insurance proceeds	-	-	18,296	-	18,296
Total Other Financing Sources (Uses)	25,000	25,000	132,967	-	107,967
Net change in fund balances	\$ 49,322	19,755	607,824	(29,567)	588,069

Reconciliation of Cash-basis Budget to Statement of Revenues, Expenditures and Changes in Fund Balance

Net Change in fund balance - Budget-Cash Basis		\$ 607,824
Revenues and other financing sources per Budget-Cash-basis	6,876,064	
Accrual adjustments	(48,986)	(48,986)
Revenues and other financing sources per Fund Financial Statements	6,827,078	
Expenditures and other financing uses per Cash-basis Budget	6,268,240	
Accrual adjustments	56,086	(56,086)
Expenditures and other financing uses per Fund Financial Statement	6,324,326	
Net Change in fund balance - Fund Financials		\$ 502,752



City of Pass Christian, Mississippi

Notes to the Required Supplementary Information For the Fiscal Year Ended September 30, 2021

A. Budgetary Information.

State statutes authorize the State Auditor to regulate the municipal budget process. Expenditures must be defined to the minimum level prescribed by the State Auditor. The State Auditor has set this level at the purpose level. Municipalities are prohibited from spending in excess of the lowest level adopted in the budget except for capital outlay, election expense and emergency warrants.

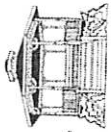
B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).



City of Pass Christian, Mississippi

Schedule of City's Proportionate

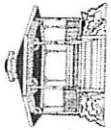
Share of the Net Pension Liability

Last 10 Fiscal Years*

For Fiscal Year Ended September 30, 2021

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.051%	0.045%	0.045%	0.046%	0.041%	0.038%	0.036%
City's proportionate share of the net pension liability (asset)	\$ 7,464,416	8,762,585	7,916,387	7,651,166	6,815,591	6,787,750	5,637,543
City's covered payroll	\$ 3,357,845	2,641,333	2,843,570	2,918,044	2,614,635	2,572,737	2,278,432
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	331.75%	278.40%	262.20%	260.67%	263.83%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	70.40%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.



City of Pass Christian, Mississippi

Schedule of City's Contributions

Last 10 Fiscal Years*

For the Fiscal Year Ended September 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 608,856	541,295	463,948	459,592	411,805	405,206	358,853
Contributions in relation to the contractually required contribution	608,856	541,295	463,948	459,592	411,805	405,206	358,853
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
City's covered payroll	\$ 3,499,172	3,110,891	2,870,521	2,918,044	2,614,635	2,572,737	2,278,432
Contributions as a percentage of covered payroll	17.40%	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.



City of Pass Christian, Mississippi

Schedule of City's Contributions Notes to the Required Supplementary Information – Pension Schedules For the Fiscal Year Ended September 30, 2021

Pension Schedules

A. Changes in Assumptions

➤ 2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decrease from 6% to 4%.

➤ 2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2021 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2021 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.



City of Pass Christian, Mississippi

Schedule of City's Contributions Notes to the Required Supplementary Information – Pension Schedules For the Fiscal Year Ended September 30, 2021

B. Changes in benefit provisions

None in the past three years.

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

SUPPLEMENTAL INFORMATION



City of Pass Christian, Mississippi

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended September 30, 2021

Federal Grantor/ Passed-through Grantor/ Program Title or Cluster	Federal CFDA Number	Grant No. / Pass-Through Number	Federal Expenditures
U.S. Department of Interior			
<i>Passed through Mississippi Department of Marine Resources</i>			
GOMESA Act	15.435	N/A	\$ 33,560
Total U.S. Department of Justice			<u>33,560</u>
U.S. Department of Justice			
Bureau of Justice			
<i>Passed through Mississippi Department of Public Safety</i>			
High Intensity Drug Trafficking Areas Program	16.592	G20-GC0003A	4,549
Edward Byrne Memorial Justice Assistance Grant Program:			
Justice Assistance Grants-COVID 19	16.738	2020-DJ-BX-09	<u>2,079</u>
Total U.S. Department of Justice			<u>6,628</u>
U.S. Department of Labor			
<i>Passed through Mississippi Department of Employment Security</i>			
Unemployment Insurance Program - CARES Act - COVID 19	17.225	92-00222-0-00	<u>522</u>
Total U.S. Department of Labor			<u>522</u>
US Department of The Treasury			
<i>Passed through MS Development Authority</i>			
Coronavirus Relief Fund - COVID 19	21.019	N/A	<u>108,046</u>
Total U.S. Department of The Treasury			<u>108,046</u>
US Department of Education			
<i>Passed through Mississippi Department of Public Safety</i>			
Safe and Drug-free Schools and Communities	84.186	N/A	<u>11,654</u>
Total U.S. Department of Education			<u>11,654</u>
U.S. Department of Homeland Security			
<i>Passed through MS Emergency Management Agency</i>			
Disaster Grants - Public Assistance - H. Zeta	97.036	FEMA-4576-DR	<u>1,519,909</u>
Total U.S. Department of Homeland Security			<u>1,519,909</u>
Total Expenditures of Federal Awards			\$ <u>1,680,319</u>



City of Pass Christian, Mississippi

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended September 30, 2021

Note 1 – General

This schedule includes the federal award activity of the City of Pass Christian Mississippi under programs of the federal government of the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents on a selected portion of the operations of the City, it is not intended to and does not present the financial position, or changes in net assets of the City.

Note 2 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified-accrual basis of accounting. Differences between the granting-agency basis of accounting and the basis of accounting used by the City in preparing its financial fund statements may occur.

Note 3 – Federal Loans

The City has the following federal loans outstanding as of September 30, 2021:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Current Year Expenditures</u>	<u>Unpaid Loan Balance</u>
Environmental Protection Agency Passed-through the Mississippi Department of Environmental Quality			
SRF-C280803-03-2	66.458	-	56,132
Total federal loans		<u>\$ -</u>	<u>\$ 56,132</u>

Note 4 – Indirect Cost Rate

The City has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 – Subrecipients.

No awards were passed through to subrecipients.



City of Pass Christian, Mississippi

Schedule of Surety Bonds (Required by State of Mississippi) For the Fiscal Year Ended September 30, 2021

Position	Surety	Amount
Mayor	CNA Surety	\$ 100,000
Alderman	CNA Surety	100,000
Alderman	CNA Surety	100,000
Alderman	CNA Surety	100,000
Alderman	CNA Surety	100,000
Alderman	CNA Surety	100,000
Assistant Court Clerk	CNA Surety	50,000
Assistant Police Chief	CNA Surety	50,000
Beautification Director	CNA Surety	50,000
City Clerk/Payroll	CNA Surety	50,000
Code Enforcement Officer	CNA Surety	50,000
Code Office Clerk	CNA Surety	50,000
Court Clerk	CNA Surety	50,000
Harbor Clerk	CNA Surety	50,000
Harbor Master	CNA Surety	50,000
Harbor Security	CNA Surety	50,000
Harbor Security	CNA Surety	50,000
Harbor Security	CNA Surety	50,000
On-duty Police Officer	CNA Surety	50,000
On-duty Police Officer	CNA Surety	50,000
On-duty Police Officer	CNA Surety	50,000
On-duty Police Officer	CNA Surety	50,000
Police Chief	CNA Surety	50,000
Purchasing/Accounts Payable Clerk	CNA Surety	50,000
Records Clerk - Police Dept.	CNA Surety	50,000
Records Clerk - Police Dept.	CNA Surety	50,000
Recreation Director	CNA Surety	50,000
Senior Center Director	CNA Surety	50,000
Water/Sewer Clerk	CNA Surety	50,000
Water/Sewer Clerk	CNA Surety	50,000
Undercover Drug Officer	CNA Surety	50,000

SPECIAL REPORTS

WRIGHT, WARD, HATTEN & GUEL

PROFESSIONAL LIMITED LIABILITY COMPANY

(SUCCESSORS TO A. L. EVANS & COMPANY ESTABLISHED 1928)

Certified Public Accountants

HANCOCK BANK BUILDING

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**INDEPENDENT AUDITOR'S 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 and
Board of Alderman
City of Pass Christian, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Pass Christian, Mississippi's (the "City") governmental activities, business-type activities, each major fund and the aggregate remaining fund information as of September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2023.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

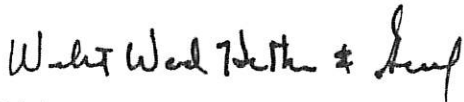
We noted certain matters that we reported to the management of the City in the Limited Internal Control and Compliance Review Management Report dated March 21, 2023, included within this document.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Wright, Ward, Hatten & Guel, CPAs
Gulfport, Mississippi
March 21, 2023

WRIGHT, WARD, HATTEN & GUEL

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and
Board of Alderman
City of Pass Christian, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Pass Christian, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Pass Christian, Mississippi's major federal programs for the year ended September 30, 2021. The City of Pass Christian, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Pass Christian, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pass Christian, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Pass Christian, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Pass Christian, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The City of Pass Christian's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Pass Christian's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

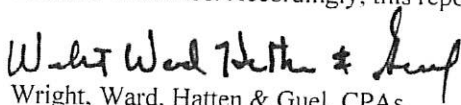
Report on Internal Control over Compliance

Management of the City of Pass Christian, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pass Christian, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pass Christian, Mississippi's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wright, Ward, Hatten & Guel, CPAs
Gulfport, Mississippi
March 21, 2023

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Honorable Mayor and
Board of Alderman
City of Pass Christian, Mississippi

In planning and performing our audit of the financial statements of the City of Pass Christian, Mississippi for the year ended September 30, 2021, we considered the City's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the City of Pass Christian, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated March 21, 2023, on the financial statements of the City of Pass Christian, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with §7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Finding State-1. Failed to submit Report Package to Mississippi State Auditor's Office by September 30, 2022.

Criteria

Miss. Code Ann. §21-35-31 et seq., (1972, as amended) requires that cities' books are audited annually, prior to the close of the next succeeding fiscal year (September 30), and submission of the audit report be made to the State Auditor within 30 days after completion of said audit. Publication of the audit synopsis of the audit must be published in a newspaper having a general circulation within 30 days after completion of said audit.

Condition	The City failed to complete and submit its audit timely.
Cause	The late completion of the City's audit contributed to the late submission of its Single Audit Reporting Package.
Effect	Failure to complete and submit audits to the State Auditor timely can result in withholding of state grant payments.
Repeat Finding	This is not a repeat finding.
Recommendation	The City should improve its financial reporting and audit request response time to ensure timely submission to the State Auditor and timely publish the audit synopsis as prescribed by the State Auditor upon receipt of audit report.
View of Responsible Official	The City concurs with the finding and has provided a response in the Corrective Action Plan.

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

Wright Ward Hatten & Guel

Wright, Ward, Hatten & Guel, CPAs
Gulfport, Mississippi
March 21, 2023



City of Pass Christian, Mississippi

Schedule of Findings and Questioned Costs For the Fiscal Year Ended September 30, 2021

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Business-type activities | Unmodified |
| | General and other major funds | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. | Federal programs identified as major: | |
| | <u>CFDA Number(s)</u> <u>Name of Federal Program or Cluster</u> | |
| | 97.036 U.S. Department of Homeland Security | |
| | Disaster Grants - Public Assistance | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| 9. | Auditee qualified as low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.526(b)? | 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 under *Governmental Auditing Standards*.



City of Pass Christian, Mississippi

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended September 30, 2021

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The results of our tests disclosed the following finding related to federal awards:

Noncompliance

All Federal Programs

2021-001

Reporting

Criteria

Office of Management and Budget (OMB) Circular A-133 (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, §.320, requires the City to submit its Single Audit Reporting Package to the federal clearinghouse no later than 9 months after fiscal year-end, unless the City's federal oversight agency approves an extension of this deadline.

Condition

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

Cause

The late completion of the City's audit contributed to the late submission of its Single Audit Reporting Package.

Effect

The late submission affects all federal programs the City administers. However, this finding does not result in a control deficiency in internal controls over compliance or noncompliance for the individual federal programs, as this was not caused by the programs' administration.

Repeat Finding

This is not a repeat finding.

Recommendation

The City should improve its financial reporting and audit request response time to ensure timely submission to the Federal Audit Clearinghouse.

City Response

The City concurs with the finding and has provided a response in the Corrective Action Plan.



City of Pass Christian

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Betty Sparkman, Alderwoman Ward 1
Regina Charlot, Alderwomen Ward 2
Kirk Kimball, Alderman Ward 3
Victor Pickfich, Alderman Ward 4
Kenny Torgeson, Alderman-at-Large

Renaud "Jimmy" Rafferty, Mayor

CORRECTIVE ACTION PLAN FEDERAL FINDINGS FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

2021-001 Compliance

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

Management Comments and Corrective Action Plan

The City strives to comply with reporting requirements. The previous year's audit was delayed by external factors including COVID-19 and two named hurricanes. In addition, the City hired a new City Clerk/Finance Director in the beginning of 2022, during the audit procedures. The City plans to have a timely audit in fiscal year 2022.

Completion Date: Pending

Name of Contact Person Responsible for Corrective Action Plan: Ron Duckworth