

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

CITY OF BILOXI, MISSISSIPPI

FINANCIAL REPORT

SEPTEMBER 30, 2022



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SEPTEMBER 30, 2022**

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INTRODUCTORY SECTION

**CITY OF BILOXI, MISSISSIPPI
LISTING OF CITY OFFICIALS
SEPTEMBER 30, 2022**

ELECTED OFFICIALS

Mayor	Andrew “FoFo” Gilich
Councilman– Ward 1	George Lawrence
Councilman – Ward 2	Felix Gines
Councilman – Ward 3	Dixie Newman
Councilman – Ward 4	Robert L. Deming III
Councilman – Ward 5	Paul Tisdale
Councilman – Ward 6	Kenny Glavan
Councilman – Ward 7	Nathan Barrett

APPOINTED OFFICIALS

City Clerk	Stacy Thacker
Chief Administrative Officer	Edward Leonard
Director of Police Department	John Miller
Director of Fire Department	Nicholaus Geiser
Director of Public Works	Billy Allen
Director of Community Development	Jerry Creel
Director of Parks and Recreation	Cheryl Bell
Director of Legal	Peter Abide

INDEPENDENT AUDITOR'S REPORT



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

December 12, 2023

Honorable Mayor and Members
Of City Council
City of Biloxi
Biloxi, Mississippi

Report on the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Biloxi, Mississippi (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of City of Biloxi, Mississippi, as of September 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Biloxi, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 16 to the financial statements, in 2022, the City adopted new accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Biloxi, Mississippi's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Honorable Mayor and Members
Of City Council
City of Biloxi
Biloxi, Mississippi

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Biloxi, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Biloxi, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Biloxi, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions on pages 5-16, 66-67 and 73-75, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Honorable Mayor and Members
Of City Council
City of Biloxi
Biloxi, Mississippi

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.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Biloxi, Mississippi's basic financial statements. The combining nonmajor fund financial statements on pages 76-79, and schedule of expenditures of federal awards on page 86 as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements*, and schedule of surety bonds for city officials on page 80, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of expenditures of federal awards, and schedule of surety bonds for city officials are the responsibility of management and was derived from and relates 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 this information is 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 December 12, 2023, on our consideration of the City of Biloxi, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Biloxi, Mississippi's internal control over financial reporting and compliance.


ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

Management's Discussion and Analysis (MD&A) provides the readers of the City of Biloxi's financial statements a narrative overview and analysis of the financial activities for the City of Biloxi for the fiscal year ended September 30, 2022. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto.

Financial Highlights

Key financial highlights for the 2022 fiscal year include the following:

- The assets and deferred outflows of the City of Biloxi exceeded its liabilities and deferred inflows at September 30, 2022 by \$584,071,521 (net position). By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire or construct those assets. The City of Biloxi uses these tangible capital assets to provide services to citizens and business; consequently, these assets are not available for future spending. Although the City of Biloxi's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves are not expected to be used to liquidate these liabilities.
- The total net position of the City of Biloxi increased by \$36,789,715. The increase is comprised of current year net position increase of \$9,180,367 and prior period adjustments of \$11,809,439 for governmental activities and current year net position increase of \$15,277,246 and prior period of adjustments of \$522,663 for business-type activities.
- As of the close of the current fiscal year, the City of Biloxi's governmental funds reported combined ending fund balance of \$57,607,729, an increase of \$21,188,950 in comparison with the prior year. Of this amount, \$18,918,297 was restricted for debt service and capital improvements, \$19,905,397 was committed for debt service, capital improvements and other, \$15,689,273 was unassigned and \$3,094,762 was nonspendable in the form of prepaid assets and lease receivables, net of related deferred inflows of resources.
- At the end of the current fiscal year, the General Fund had an unassigned balance of \$19,421,811, or 28.7% of the total General Fund expenditures.
- The City of Biloxi's total outstanding long-term debt increased by \$6,759,512, or 6.5%, during the current fiscal year. The City of Biloxi issued \$14,000,000 in special obligation bonds on May 25, 2022, for various infrastructure projects, namely Popps Ferry Road extension and sports complex and parks renovations.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City of Biloxi's basic financial statements. The City of Biloxi's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

Government-Wide Financial Statement: The government-wide financial statements are designed to provide readers with a broad overview of the City of Biloxi's finances, in a manner similar to a private sector business.

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

The statement of activities presents information showing how the City of Biloxi's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

The statement of net position and the statement of activities distinguish between functions of the City of Biloxi that are principally supported by taxes, intergovernmental revenues and charges for services (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City of Biloxi's governmental activities include general government, public safety, public works, cultural and recreation, planning and zoning, community development, capital projects and Biloxi Municipal Court. The business-type activities of the City of Biloxi include water/sewage and port.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Biloxi's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

The City of Biloxi maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, General Capital Projects Fund and Debt Service Fund, all of which are considered to be major funds. Data for the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Biloxi adopts an annual appropriated budget for its General Fund and certain special revenue funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary funds—The City of Biloxi maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City of Biloxi uses enterprise funds to account for its water/sewage and port funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Biloxi's various functions. The City of Biloxi uses internal service funds to account for its self-insurance (liability/workers' compensation and healthcare benefits) and gaming interruption. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Biloxi. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Biloxi's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Biloxi's progress in funding its obligations to provide pension benefits to its employees and compliance with budget for its general fund.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and budgetary comparisons.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

Government-Wide Financial Analysis

City of Biloxi's Net Position
September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	136,773,334	67,007,054	22,225,462	19,909,236	158,998,796	86,916,290
Capital assets	372,958,933	367,014,923	346,508,249	332,093,841	719,467,182	699,108,764
Total assets	509,732,267	434,021,977	368,733,711	352,003,077	878,465,978	786,025,054
Deferred outflows of resources-pension	10,228,219	7,028,405	693,198	469,303	10,921,417	7,497,708
Current and other liabilities	50,567,158	38,670,090	3,832,121	4,193,600	54,399,279	42,863,690
Long-term liabilities	178,231,423	161,785,785	18,950,217	18,090,018	197,181,640	179,875,803
Total liabilities	228,798,581	200,455,875	22,782,338	22,283,618	251,580,919	222,739,493
Deferred inflows of resources-pension	1,992,223	22,082,759	135,726	1,418,704	2,127,949	23,501,463
Deferred inflows of resources-leases	49,668,128	-	1,938,878	-	51,607,006	-
Total deferred inflows of resources	51,660,351	22,082,759	2,074,604	1,418,704	53,734,955	23,501,463
Net position:						
Net investment in capital assets	268,745,909	278,459,016	332,681,434	317,517,769	601,427,343	595,976,785
Restricted	17,226,431	13,351,132	181,463	111,311	17,407,894	13,462,443
Unrestricted	(46,470,786)	(73,298,400)	11,707,070	11,140,978	(34,763,716)	(62,157,422)
Total net position	239,501,554	218,511,748	344,569,967	328,770,058	584,071,521	547,281,806

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Biloxi, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$584,071,521.

The City of Biloxi's net position increased by \$36.8 million in fiscal year 2022. The increase is comprised of current year net position increase of \$24.5 million and prior period adjustments of \$12.3 million.

The largest portion of the City of Biloxi's net position, totaling approximately \$601.4 million, or 103.0%, is its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The City of Biloxi uses these tangible capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Biloxi's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

City of Biloxi's Changes in Net Position
September 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	9,085,879	9,043,775	18,991,040	17,763,886	28,076,919	26,807,661
Operating grants and contributions	850,275	939,195	-	-	850,275	939,195
Capital grants and contributions	20,394,779	8,808,729	369,091	20,987,652	20,763,870	29,796,381
General revenues:						
Property taxes	21,287,498	19,921,536	2,199,091	2,148,970	23,486,589	22,070,506
Sales tax	14,734,697	13,478,326	-	-	14,734,697	13,478,326
Gaming taxes	23,821,357	22,689,272	-	-	23,821,357	22,689,272
Franchise and utility taxes	3,066,258	2,909,816	-	-	3,066,258	2,909,816
Other revenue	13,301,890	11,404,158	608,118	28,406	13,910,008	11,432,564
Total revenues	106,542,633	89,194,807	22,167,340	40,928,914	128,709,973	130,123,721
Expenses:						
General government	9,275,238	11,450,767	-	-	9,275,238	11,450,767
Culture and recreation	6,722,866	5,686,127	-	-	6,722,866	5,686,127
Public safety	39,437,836	36,141,758	-	-	39,437,836	36,141,758
Public works	12,822,596	25,871,061	-	-	12,822,596	25,871,061
Community development	5,409,359	4,705,449	-	-	5,409,359	4,705,449
Unallocated depreciation, infrastructure	-	3,330,202	-	-	-	3,330,202
Interest on long-term debt	2,861,712	3,426,360	-	-	2,861,712	3,426,360
Water and sewer	-	-	17,712,906	17,736,599	17,712,906	17,736,599
Biloxi Port fund	-	-	4,001,981	3,808,174	4,001,981	3,808,174
Total expenses	76,529,607	90,611,724	21,714,887	21,544,773	98,244,494	112,156,497
Increase(Decrease) in net position						
before transfers	30,013,026	(1,416,917)	452,453	19,384,141	30,465,479	17,967,224
Transfers	(20,832,659)	550,836	14,824,793	(550,836)	(6,007,866)	-
Changes in net position	9,180,367	(866,081)	15,277,246	18,833,305	24,457,613	17,967,224
Net position, beginning of year	218,511,748	244,481,914	328,770,058	310,696,726	547,281,806	555,178,640
Prior period adjustment	11,809,439	(25,104,085)	522,663	(759,973)	12,332,102	(25,864,058)
Net position, beginning as restated	230,321,187	219,377,829	329,292,721	309,936,753	559,613,908	529,314,582
Net position, end of year	239,501,554	218,511,748	344,569,967	328,770,058	584,071,521	547,281,806

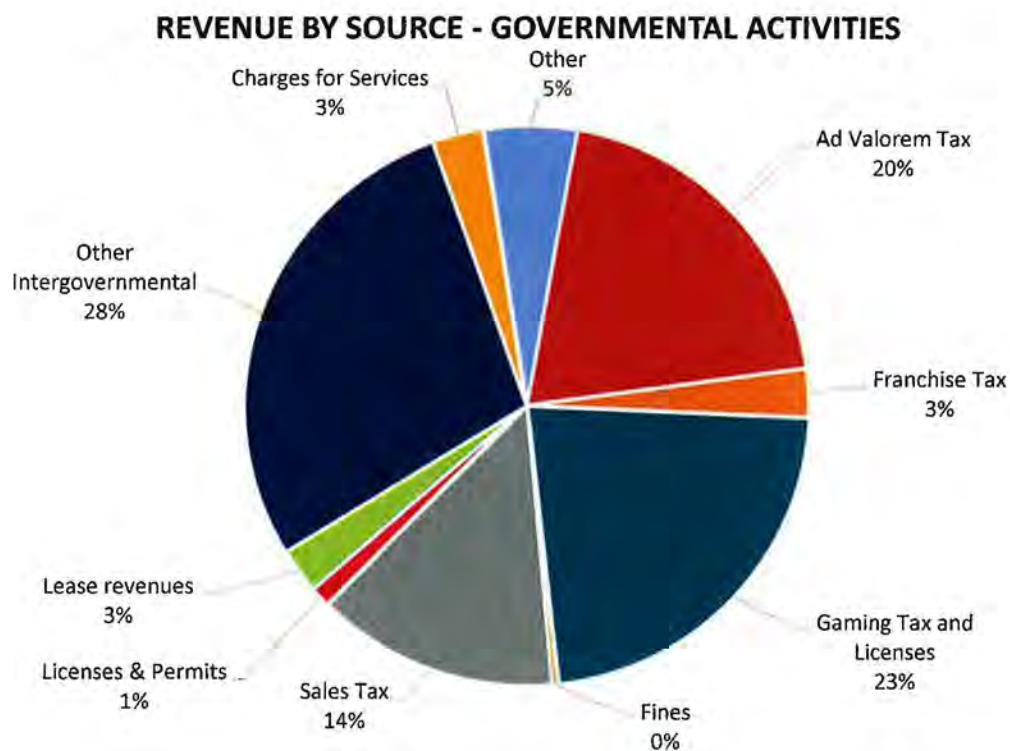
Government activities

The ending net position for the prior fiscal year was adjusted by \$11,809,439 and net position for the current year for governmental activities increased by \$9,180,367 for an ending balance of \$239,501,554. Some key highlights from the statement of activities during 2022 include the following items:

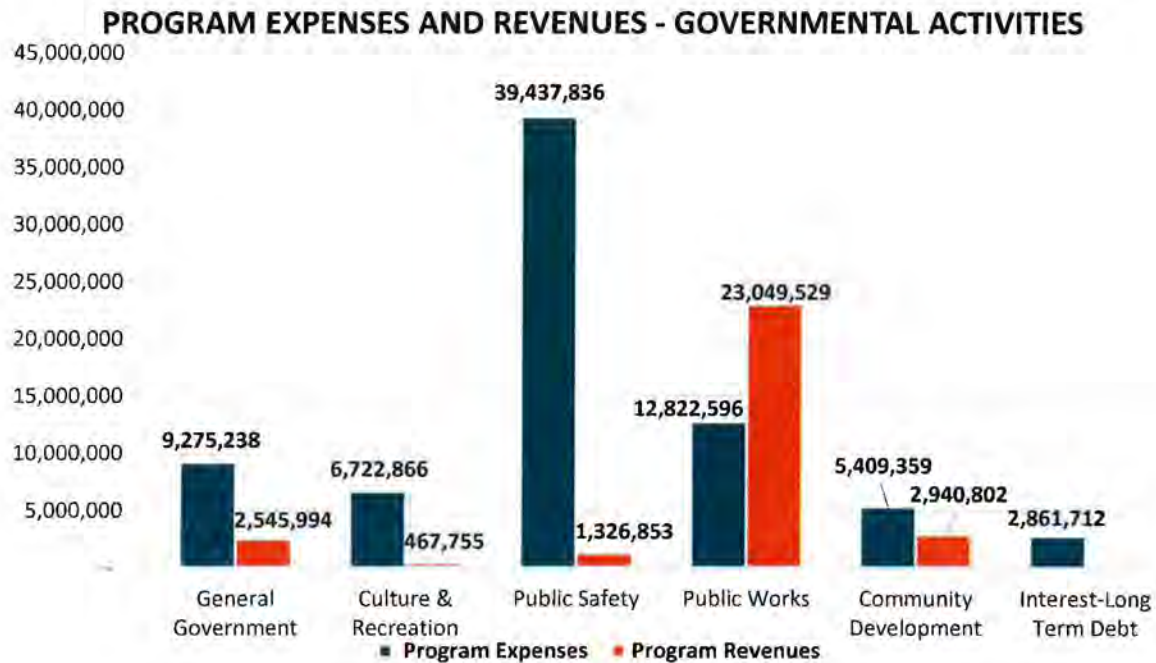
- Property taxes increased by \$1.2 million in 2022, of which approximately \$1.1 million was from ad valorem taxes and directly relates to development and an increase in assessed property values due to reappraisal year by the Harrison County Tax Assessor every four (4) years.
- Sales, use and gaming taxes increased by \$1,256,371, \$1,358,831 and \$1,132,085, respectively in 2022.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

- The City of Biloxi issued \$14,000,000 in special obligation bonds for various infrastructure projects, namely Popp's Ferry Road extension and sports complex and parks renovations.
- Prior period adjustments were made in order to restate the ending net position for the fiscal year ended September 30, 2021. The restatement resulted in a \$11,809,439 increase in net position related to the implementation of GASB 87 – Leases and the correction of prior period balances. Additional information on the prior period adjustments can be found in Notes 16 and 17 on pages 62-64 of this report.



CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022



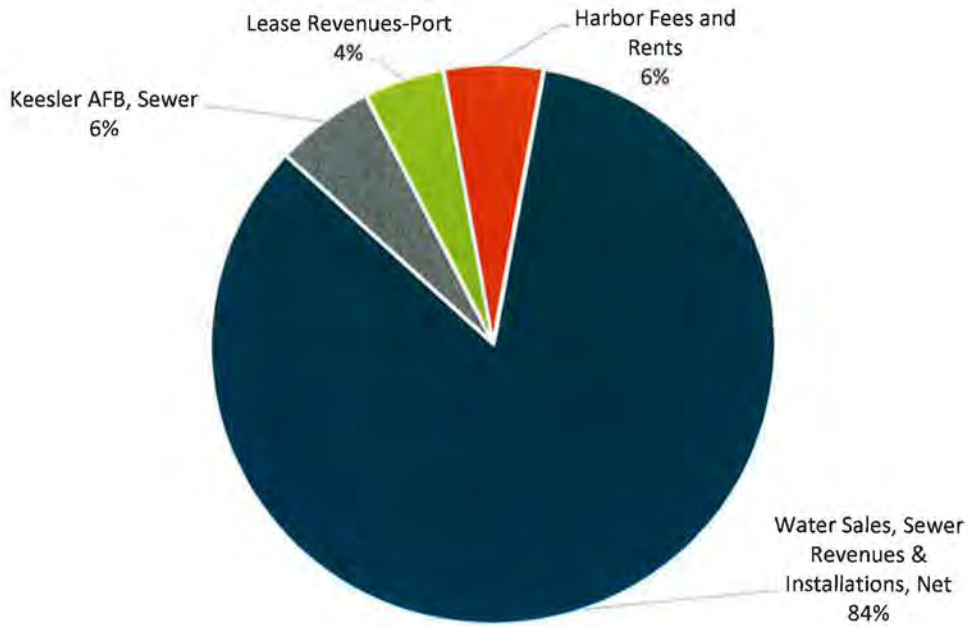
Business-type Activities

The ending net position for business-type activities for the prior fiscal year was adjusted by \$522,663 and net position for the current fiscal year increased by \$15,277,246 for an ending balance of \$344,569,967. Some key highlights from the statement of activities during 2022 include the following items:

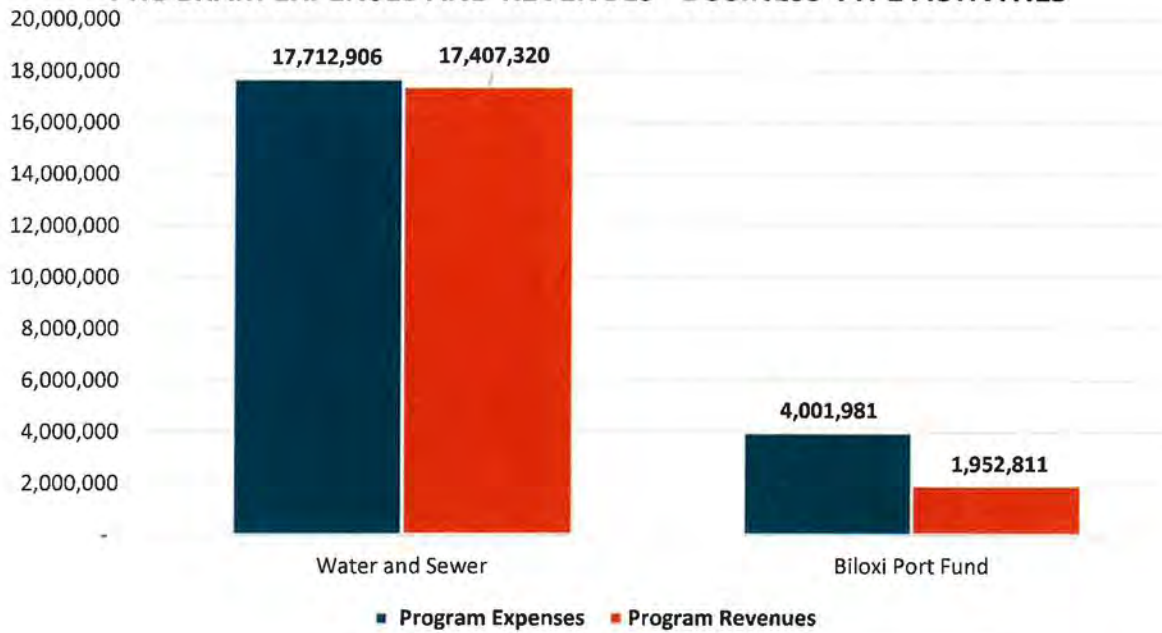
- Increase in water and sewer revenues, \$1,183,813.
- One percent Harrison County Ad Valorem tax increase of \$50,121.
- Recoveries of \$536,601 from Harrison County Utility Authority for fiscal years 2019 and 2020 over/under recap and settlements.
- Prior period adjustments were made in order to restate the ending net position for the fiscal year ended September 30, 2021. The restatement resulted in a \$522,663 increase in net position related to the implementation of GASB 87 – Leases and the correction of prior period balances. Additional information on the prior period adjustment can be found in Notes 16 and 17 on pages 62-64 of this report.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

REVENUE BY SOURCE - BUSINESS-TYPE ACTIVITIES



PROGRAM EXPENSES AND REVENUES - BUSINESS-TYPE ACTIVITIES



CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

Financial Analysis of the City of Biloxi's Funds

Governmental Funds

The focus of the City of Biloxi's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of Biloxi's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a city's net resources available at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Biloxi's governmental funds reported a combined ending fund balance of \$57.6 million, an increase of \$21.2 million in comparison with the prior fiscal year. The \$21.2 million increase is comprised of a \$9.4 million increase in current fiscal year activities and prior period adjustments of \$11.8 million. See Notes 16 and 17 on pages 62-64 for additional information on the prior period adjustments. Of the \$57.6 million ending fund balance, \$15.7 million, or 27.2% was unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is not available for new spending and has been classified into the following categories:

Nonspendable	\$ 3,094,762
Restricted	18,918,297
Committed	19,905,397

- The General Fund is the chief operating fund of the City of Biloxi. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$19.4 million. The total unassigned is available for spending at the City Council's discretion. The fund has a balance of \$22,622,492 at the end of the current fiscal year, down \$827,504 to the prior fiscal year.
- The General Capital Projects Fund has a total fund balance of (\$3.5) million. This fund balance is committed by the City Council to be used for capital projects. The negative fund balance was caused by the difference in timing between expenses related to project engineering and the budgeted revenue related to this project.
- The Debt Service Fund accounts for the accumulation of resources for and the payment of long-term debt principal, interest and related costs for various bonds. The fund has a balance of \$19.6 million.

General Fund Budgetary Highlights

The budget policy of the City of Biloxi complies with state law, as amended, and as set forth in Mississippi Code Title 21, Chapter 35, Municipal Budget (§§21-35-1 – 21-35-33).

The original budget for the General Fund of the City of Biloxi was adopted on September 14, 2021. For the year ended September 30, 2022, material amendments made to increase the General Fund budgeted revenues and expenditures are as follows:

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

- Revenues were amended upward by \$1,493,691 for new grants
- Salaries/Wages were amended upward by \$1,342,844 for across the board pay increases
- Contractual Services were amended upward by \$1,121,147 primarily due to land clearing, \$50,000; Hurricane Ida, \$116,430; outsourcing of streets/drainage jobs, \$75,000; grant expenditures, \$378,867; and software, \$500,000
- Other Services and Charges were amended upward by \$626,801 due to outsourcing of professional labor for engineering, accounting and information services, \$291,500; new grant expenditures, \$287,670; and increase in legal for infrastructure lawsuit, \$200,000
- Capital outlay line items were amended upward by \$2,188,147 mainly due to grant expenditures, \$1,003,720; hardware, \$729,000; and tasers, \$522,486

Selected significant differences between the final budget and actual results of the General Fund are:

- Salaries/Wages expenditures were lower than budget by \$2,383,335, mainly due to vacant positions in public safety and public works
- Capital expenditures were lower than budget by \$3,249,371 due to supply issues and the delayed receipt of merchandise

Capital Assets and Debt Administration

Capital Assets: The City of Biloxi's investment in capital assets as of September 30, 2022, amounts to \$719.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, streets, drainage, furniture and equipment and construction in progress. The table below shows the value at the end of the fiscal year.

City of Biloxi's Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	46,343,692	46,130,042	713,161	829,243	47,056,853	46,959,285
Buildings	102,845,878	106,201,615	-	-	102,845,878	106,201,615
Improvements other than buildings	19,902,880	18,581,915	-	-	19,902,880	18,581,915
Machinery and equipment	13,246,652	10,893,867	2,117,290	1,914,166	15,363,942	12,808,033
Infrastructure - streets and drainage	116,486,873	117,981,591	-	-	116,486,873	117,981,591
Right of use assets	505,357	348,313	118,026	189,651	623,383	537,964
Water and sewer system	-	-	92,884,918	95,779,259	92,884,918	95,779,259
Port building and improvements	-	-	30,562,015	32,442,094	30,562,015	32,442,094
Construction in progress	73,581,248	67,225,893	219,596,903	201,129,079	293,178,151	268,354,972
Total capital assets	372,912,580	367,363,236	345,992,313	332,283,492	718,904,893	699,646,728

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

- Katrina Infrastructure Project
- Keesler AFB Gate (Outside)
- Saenger Theater Exterior Renovations
- Smallcraft Harbor to Oak Street Boardwalk
- Bayview Waterfront Restoration
- Lighthouse Pier Parking
- Visitors Center Renovations

Additional information on the City of Biloxi's capital assets can be found in Note 5 on pages 41-42 of this report.

Long-term Debt: At the end of the current fiscal year, the City of Biloxi had total debt outstanding of \$110.4 million. Of this amount, \$88.7 million comprises debt backed by the full faith and credit of the City of Biloxi. The following table summarizes debt outstanding at September 30, 2022 and 2021.

City of Biloxi's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	72,608,000	62,579,000	-	-	72,608,000	62,579,000
Tax increment bonds	16,105,730	18,199,757	-	-	16,105,730	18,199,757
Capital lease payable	7,381,220	7,777,150	43,218	85,717	7,424,438	7,862,867
Lease payable	509,195	349,777	118,163	189,692	627,358	539,469
Water/sewer notes payable	-	-	6,911,121	7,379,935	6,911,121	7,379,935
Limited tax port bonds	-	-	6,100,000	6,400,000	6,100,000	6,400,000
Drinking water loan	-	-	654,313	710,420	654,313	710,420
	<u>96,604,145</u>	<u>88,905,684</u>	<u>13,826,815</u>	<u>14,765,764</u>	<u>110,430,960</u>	<u>103,671,448</u>

The City of Biloxi's total debt increased by \$6.8 million during the current fiscal year mainly due to the issuance of \$14.0 million in special obligation bonds, Series 2022.

On January 9, 2019, Standard and Poor's Global Ratings assigned its AA- long term rating to City of Biloxi. The rating remains unchanged for the City's bonds.

State statutes limit the amount of debt that can be incurred by the City. Total outstanding debt during a year can be no greater than 20% of assessed value of the taxable property within the City. The legal debt margin for the City of Biloxi for the current fiscal year is \$60.2 million.

Additional information on the City of Biloxi's long-term debt can be found in Note 8 on pages 44-48 of this report.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2022

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for fiscal year 2023 was presented to the City Council:

The plan is designed to continue supporting the following broadly stated objectives:

- Improve current level of services to our citizens
- Continue improving City facilities and infrastructure
- Provide continuous support of residential expansion and economic development
- Maintain and improve the quality of life for our citizens

For fiscal year 2023, the City has budgeted a 3.3% increase in property tax dollars and a 3.8% increase in personal property tax dollars due to an increase in assessed values for development. Sales tax dollars and gaming tax dollars are expected to remain consistent with prior year.

Requests for Information

This financial report is designed to provide a general overview of the City of Biloxi's finances for all those with an interest in the municipality's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Department of Accounting, Office of the Controller/Accounting Manager, P.O. Box 429, Biloxi, Mississippi 39533-0429, or by emailing accounting@biloxi.ms.us.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 39,413,254	\$ 12,807,661	\$ 52,220,915
Receivables, net	2,612,672	1,660,432	4,273,104
Lease receivables, current	2,444,079	802,489	3,246,568
Due from other governmental agencies	10,353,164	3,628,024	13,981,188
Advance to other funds	14,741	-	14,741
Prepaid expenses	2,669,285	30,000	2,699,285
Restricted assets:			
Cash and cash equivalents	17,226,431	2,147,193	19,373,624
Investments	14,390,182	-	14,390,182
Lease receivables, noncurrent	47,649,526	1,149,663	48,799,189
Capital assets			
Nondepreciable assets	119,924,940	220,310,064	340,235,004
Right of use assets, net of amortization	505,357	118,026	623,383
Depreciable assets, net of depreciation	252,528,636	126,080,159	378,608,795
Total capital assets	372,958,933	346,508,249	719,467,182
Total assets	509,732,267	368,733,711	878,465,978
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pension liability	10,228,219	693,198	10,921,417
LIABILITIES			
Accounts payable	7,620,709	551,147	8,171,856
Advance from enterprise fund	-	14,741	14,741
Retainage payable	2,005,303	-	2,005,303
Claims payable	3,554,725	-	3,554,725
Unearned revenues	11,320,290	215,529	11,535,819
Short term notes payable	843,055	-	843,055
Payable from restricted assets:			
Customer deposits	-	1,965,730	1,965,730
Long-term liabilities:			
Due within one year			
Bonds, notes payable, and installment loans	22,607,260	887,514	23,494,774
Lease liabilities	170,457	71,535	241,992
Accrued interest	195	9	204
Compensated absences	2,445,164	125,916	2,571,080
Due in more than one year			
Bonds, notes payable, and installment loans	73,487,690	12,821,138	86,308,828
Lease liabilities	338,738	46,628	385,366
Proportionate share of collective net pension liability	97,069,502	5,704,709	102,774,211
Compensated absences	7,335,493	377,742	7,713,235
Total liabilities	228,798,581	22,782,338	251,580,919
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on lease receivables	49,668,128	1,938,878	51,607,006
Deferred inflows on pension liability	1,992,223	135,726	2,127,949
	51,660,351	2,074,604	53,734,955
NET POSITION			
Invested in capital assets, net of related debt	268,745,909	332,681,434	601,427,343
Restricted for:			
Debt Service	-	181,463	181,463
Capital improvements	17,226,431	-	17,226,431
Unrestricted	(46,470,786)	11,707,070	(34,763,716)
Total net position	\$ 239,501,554	\$ 344,569,967	\$ 584,071,521

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

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Program Revenue				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	Total
Governmental activities							
General government	\$ 9,275,238	\$ 2,545,994	\$ -	\$ -	\$ (6,729,244)	\$ -	\$ (6,729,244)
Culture and recreation	6,722,866	467,755	-	-	(6,255,111)	-	(6,255,111)
Public safety	39,437,836	510,683	816,170	-	(38,110,983)	-	(38,110,983)
Public works	12,822,596	2,620,645	34,105	20,394,779	10,226,933	-	10,226,933
Community development	5,409,359	2,940,802	-	-	(2,468,557)	-	(2,468,557)
Interest on long-term debt	2,861,712	-	-	-	(2,861,712)	-	(2,861,712)
Total governmental activities	76,529,607	9,085,879	850,275	20,394,779	(46,198,674)	-	(46,198,674)
Business-type activities							
Water and Sewer	17,712,906	17,038,229	-	369,091		(305,586)	(305,586)
Biloxi Port Fund	4,001,981	1,952,811	-	-		(2,049,170)	(2,049,170)
Total business-type activities	21,714,887	18,991,040	-	369,091		(2,354,756)	(2,354,756)
Total primary government	\$ 98,244,494	\$ 28,076,919	\$ 850,275	\$ 20,763,870	(46,198,674)	(2,354,756)	(48,553,430)
General revenues:							
Property taxes, levied for general purposes					21,287,498	2,199,091	23,486,589
Sales taxes					14,734,697	-	14,734,697
Gaming taxes					23,821,357	-	23,821,357
Franchise and utility taxes					3,066,258	-	3,066,258
Other taxes					3,119,813	-	3,119,813
Grants and contributions not restricted to specific programs					4,409,094	-	4,409,094
Interest earnings					96,104	54,185	150,289
Interest earnings - leases					1,050,279	17,332	1,067,611
Miscellaneous					4,626,600	536,601	5,163,201
Transfers					(20,832,659)	14,824,793	(6,007,866)
Total general revenues and transfers					55,379,041	17,632,002	73,011,043
Change in net position					9,180,367	15,277,246	24,457,613
Net position - beginning, as previously stated					218,511,748	328,770,058	547,281,806
Prior period adjustments					11,809,439	522,663	12,332,102
Net position - beginning, as restated					230,321,187	329,292,721	559,613,908
Net position - ending					\$ 239,501,554	\$ 344,569,967	\$ 584,071,521

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

CITY OF BILOXI, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	General Capital Projects Fund	Debt Service Fund	Other Non- Major Government Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 10,071,450	\$ 7,475,260	\$ 4,068,146	\$ 14,596,399	\$ 36,211,255
Restricted Assets:					
Cash and cash equivalents	11,100,741	1,857,163	-	4,268,527	17,226,431
Investments - bond escrow	-	-	14,390,182	-	14,390,182
Receivables, net					
Taxes	7,335,581	-	89,054	18,664	7,443,299
Lease	47,896,615	-	-	2,196,990	50,093,605
Accrued interest - leases	150,835	-	-	6,331	157,166
Customer accounts, net	264,489	-	-	-	264,489
Other	679,530	-	-	20,457	699,987
Due from other governments	124,765	2,584,948	1,077,048	-	3,786,761
Due from other City funds	6,438,913	-	-	-	6,438,913
Prepaid expenses	2,669,285	-	-	-	2,669,285
Total assets	<u>\$ 86,732,204</u>	<u>\$ 11,917,371</u>	<u>\$ 19,624,430</u>	<u>\$ 21,107,368</u>	<u>\$ 139,381,373</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 5,135,480	\$ 6,510,778	\$ 43,417	\$ 53,581	\$ 11,743,256
Due to other funds	77,944	6,438,913	-	-	6,516,857
Unearned revenue	11,404,773	1,597,575	-	-	13,002,348
Short term borrowing note	-	843,055	-	-	843,055
Total liabilities	<u>16,618,197</u>	<u>15,390,321</u>	<u>43,417</u>	<u>53,581</u>	<u>32,105,516</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on lease receivables	<u>47,491,515</u>	<u>-</u>	<u>-</u>	<u>2,176,613</u>	<u>49,668,128</u>
Fund balances:					
Nonspendable for prepaids					
Prepaids	2,669,285	-	-	-	2,669,285
Lease receivables, net of related deferred inflows of resources	405,100	-	-	20,377	425,477
Restricted					
Debt service	-	-	14,390,182	-	14,390,182
Capital Improvements	-	259,588	-	4,268,527	4,528,115
Committed					
Debt service	126,296	-	5,190,831	-	5,317,127
Capital Improvements	-	-	-	14,017,585	14,017,585
Other	-	-	-	570,685	570,685
Unassigned	19,421,811	(3,732,538)	-	-	15,689,273
Total fund balances	<u>22,622,492</u>	<u>(3,472,950)</u>	<u>19,581,013</u>	<u>18,877,174</u>	<u>57,607,729</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 86,732,204</u>	<u>\$ 11,917,371</u>	<u>\$ 19,624,430</u>	<u>\$ 21,107,368</u>	<u>\$ 139,381,373</u>

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

CITY OF BILOXI, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total fund balance, governmental funds	\$ 57,607,729
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	372,703,887
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Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the funds.	213,554
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Internal service funds are used by management to account for the costs of the City's risk management, including insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	67,932
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(7,335,493)
Notes, bonds, and installment loans	(96,094,950)
Lease liabilities	(509,390)

Unavailable revenues that provide current financial resources for governmental activities.	1,681,791
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Net pension liability is not due and payable in the current period; deferred outflows related to pensions are not current assets or financial resources; and deferred inflows related to pensions are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(88,833,506)
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Net Position of Governmental Activities in the Statement of Net Position (Exhibit A)	<u>\$ 239,501,554</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	General Capital Projects Fund	Debt Service Fund	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 8,551,613	\$ -	\$ 6,964,975	\$ 825,235	\$ 16,341,823
Property taxes	4,465,694	-	-	479,981	4,945,675
Franchise taxes	3,009,358	-	-	-	3,009,358
Licenses and permits	1,244,110	-	-	-	1,244,110
Fees and fines	413,334	-	-	-	413,334
Intergovernmental	43,221,289	24,056,153	1,268,885	-	68,546,327
Charges for services	3,073,603	-	-	25,000	3,098,603
Lease revenues	2,701,014	-	-	109,745	2,810,759
Interest income - leases	1,004,285	-	-	45,994	1,050,279
Investment earnings	-	-	41,067	44,483	85,550
Miscellaneous - other	4,340,203	190,596	-	(12,006)	4,518,793
Total revenues	72,024,503	24,246,749	8,274,927	1,518,432	106,064,611
EXPENDITURES					
Current:					
General government	7,260,578	-	-	421,940	7,682,518
Public safety	36,554,402	-	-	883,276	37,437,678
Public works	9,631,602	-	-	-	9,631,602
Parks and recreation	4,554,314	-	-	65,649	4,619,963
Community development	4,677,682	-	-	164,271	4,841,953
Engineering	1,399,894	-	-	-	1,399,894
Non-departmental	3,058,464	-	-	-	3,058,464
Other expenditure	42,600	-	-	1,348	43,948
Capital outlay					
Public works	-	12,209,684	-	-	12,209,684
Debt service:					
Principal retirement	383,768	-	6,065,027	-	6,448,795
Interest and agent fees	87,110	-	2,619,559	-	2,706,669
Total expenditures	67,650,414	12,209,684	8,684,586	1,536,484	90,081,168
Excess of revenues over expenditures	4,374,089	12,037,065	(409,659)	(18,052)	15,983,443
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt, net	-	-	-	14,000,000	14,000,000
Proceeds from capital leases	551,000	-	-	-	551,000
Bond issuance cost	-	-	-	(279,547)	(279,547)
Transfers in	1,019,990	6,717,295	4	25,000	7,762,289
Transfers out	(7,272,908)	(20,088,414)	(234,952)	(998,674)	(28,594,948)
Total other financing sources (uses)	(5,701,918)	(13,371,119)	(234,948)	12,746,779	(6,561,206)
Net change in fund balances	(1,327,829)	(1,334,054)	(644,607)	12,728,727	9,422,237
Fund balances - beginning	23,449,996	(13,397,665)	20,225,620	6,140,828	36,418,779
Prior period adjustments	500,325	11,258,769	-	7,619	11,766,713
Fund balances - beginning, as restated	23,950,321	(2,138,896)	20,225,620	6,148,447	48,185,492
Fund balances - ending	\$ 22,622,492	\$ (3,472,950)	\$ 19,581,013	\$ 18,877,174	\$ 57,607,729

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

CITY OF BILOXI, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds:	\$	9,422,237
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures; however, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$15,080,638) exceeds depreciation and amortization (\$10,854,075) in the current period.		4,226,561
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Governmental funds do not report capital assets on the balance sheet, therefore when a capital asset is transferred from an enterprise fund it is reflected as revenue.		158,682
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Internal service funds are used by management to allocate the cost of self insuring to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		2,792,910
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Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		257,399
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Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces the liabilities in the Statement of Net Position. Proceeds from long-term debt are reported as current financial resources in governmental funds, but are treated as a liability in the Statement of Activities. This is the amount by which repayments (\$7,121,955) exceed proceeds (\$14,551,000).		(7,423,525)
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Pension expense recorded in the Statement of Activities does not require the use of current financial resources.		(470,303)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.		216,406
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Change in net position of governmental activities (Exhibit B)	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">9,180,367</div>
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The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Proprietary Funds-Business-type Activities				Governmental Activities
	Major Funds		Non-Major Fund		Internal Service Fund
	Water and Sewer	Biloxi Port Fund	Point Cadet Development Corporation	Total Enterprise Funds	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 6,845,014	\$ 5,962,647	\$ -	\$ 12,807,661	\$ 3,201,999
Accounts receivable, net					
Customer accounts	1,614,565	44,896	-	1,659,461	400,579
Lease receivables	-	802,489	-	802,489	-
Accrued interest - leases	-	971	-	971	-
Due from other City funds	-	-	-	-	92,685
Due from other governments	3,628,024	-	-	3,628,024	-
Prepaid expenses	30,000	-	-	30,000	-
Total current assets	12,117,603	6,811,003	-	18,928,606	3,695,263
Non-current assets:					
Lease receivables, noncurrent	-	1,149,663	-	1,149,663	-
Restricted Assets:					
Cash and cash equivalents	1,946,610	200,583	-	2,147,193	-
Capital Assets:					
Land and construction in progress	214,952,347	5,357,717	-	220,310,064	-
Right of use assets, net of amortization	118,026	-	-	118,026	-
Depreciable assets, net of accumulated depreciation	95,503,868	30,576,291	-	126,080,159	-
Total non-current assets	312,520,851	37,284,254	-	349,805,105	-
Deferred outflows of resources					
Deferred outflows on pension liability	446,825	246,373	-	693,198	-
Total assets	\$ 325,085,279	\$ 44,341,630	\$ -	\$ 369,426,909	\$ 3,695,263
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 478,232	\$ 47,294	\$ -	\$ 525,526	\$ 72,606
Due to other City funds	11,793	2,948	-	14,741	-
Compensated absences	75,784	50,132	-	125,916	-
Accrued interest payable	9	-	-	9	-
Unearned revenue	86,894	128,635	-	215,529	-
Lease liability	71,535	-	-	71,535	-
Claims and judgments	-	-	-	-	3,554,725
Bonds, installment loans, and notes payable	577,514	310,000	-	887,514	-
Payable from restricted assets:					
Accounts payable	25,621	-	-	25,621	-
Customer deposits payable from restricted assets	1,840,993	124,737	-	1,965,730	-
Total current liabilities	3,168,375	663,746	-	3,832,121	3,627,331
Non-current liabilities:					
Compensated absences	227,349	150,393	-	377,742	-
Net pension obligation	3,455,361	2,249,348	-	5,704,709	-
Lease liability	46,628	-	-	46,628	-
Bonds, capital leases, and notes payable, non-current	7,031,138	5,790,000	-	12,821,138	-
Total non-current liabilities	10,760,476	8,189,741	-	18,950,217	-
Deferred inflows of resources					
Deferred inflows on lease receivables	-	1,938,878	-	1,938,878	-
Deferred inflows on pension liability	85,688	50,038	-	135,726	-
	85,688	1,988,916	-	2,074,604	-
Total liabilities	14,014,539	10,842,403	-	24,856,942	3,627,331
NET POSITION					
Invested in capital assets, net of related debt	302,965,589	29,834,008	-	332,799,597	-
Restricted for debt service	105,617	75,846	-	181,463	-
Unrestricted	7,999,534	3,589,373	-	11,588,907	67,932
Total net position	\$ 311,070,740	\$ 33,499,227	\$ -	\$ 344,569,967	\$ 67,932

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

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Proprietary Funds-Business-type Activities			Governmental Activities
	Major Funds		Non-Major Fund	
	Water and Sewer	Biloxi Port Fund	Point Cadet Development Corporation	Internal Service Funds
REVENUES				
Charges for services				
Water sales, sewer revenues & installations, net	\$ 15,966,429	\$ -	\$ -	\$ 15,966,429
Keesler Air Force Base, sewer	1,071,800	-	-	1,071,800
Lease revenues	-	874,498	-	874,498
Harbor fees and rents	-	1,078,313	-	1,078,313
Insurance billings	-	-	-	10,929,708
Total charges for services	17,038,229	1,952,811	-	18,991,040
Cobra contributions	-	-	-	129,072
Total operating revenues	17,038,229	1,952,811	-	18,991,040
OPERATING EXPENSES				
Personnel services	1,895,461	1,313,184	-	3,208,645
Contractual services	10,647,930	350,153	-	10,998,083
Other services, charges, supplies and expenses	1,362,398	228,191	-	1,590,589
Insurance and reinsurance	-	-	-	4,081,282
Claims expense	-	-	-	10,193,097
Depreciation expense	3,666,526	1,891,309	-	5,557,835
Total operating expenses	17,572,315	3,782,837	-	21,355,152
Operating income	(534,086)	(1,830,026)	-	(2,364,112)
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	7,352	46,833	-	54,185
Interest income - leases	-	17,332	-	17,332
Intergovernmental tax revenues	-	2,199,091	-	2,199,091
Miscellaneous revenue	536,601	-	-	536,601
Interest expense	(140,591)	(219,144)	-	(359,735)
Total non-operating revenue (expenses)	403,362	2,044,112	-	2,447,474
INCOME (LOSS) BEFORE TRANSFERS AND SPECIAL ITEM	(130,724)	214,086	-	83,362
Capital contribution	369,091	-	-	369,091
Transfers in	18,988,142	849,884	-	19,838,026
Transfers out	(3,264,105)	(1,591,225)	(157,903)	(5,013,233)
CHANGE IN NET POSITION	15,962,404	(527,255)	(157,903)	15,277,246
TOTAL NET POSITION - BEGINNING, as previously stated	294,572,288	34,039,867	157,903	328,770,058
PRIOR PERIOD ADJUSTMENTS	536,048	(13,385)	-	522,663
TOTAL NET POSITION - BEGINNING, as restated	295,108,336	34,026,482	157,903	329,292,721
TOTAL NET POSITION - ENDING	\$ 311,070,740	\$ 33,499,227	\$ -	\$ 344,569,967
				\$ 67,932

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

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Proprietary Funds-Business-type Activities				Governmental Activities
	Major Funds		Non-Major Fund	Total	Internal Service Fund
	Water and Sewer	Biloxi Port Fund	Point Cadet Development Corporation		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 19,490,315	\$ 2,012,005	\$ -	\$ 21,502,320	\$ 10,702,589
Payments to suppliers	(12,590,964)	(610,233)	-	(13,201,197)	(13,551,005)
Payments to employees	(1,756,950)	(1,245,539)	-	(3,002,489)	-
Net cash provided by (used in) operating activities	5,142,401	156,233	-	5,298,634	(2,848,416)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental taxes	-	2,199,091	-	2,199,091	-
Transfers (to) from other funds	(2,635,477)	(741,341)	(41,821)	(3,418,639)	6,007,866
Net cash provided by (used in) noncapital financing activities	(2,635,477)	1,457,750	(41,821)	(1,219,548)	6,007,866
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases and construction of capital assets	(542,471)	(549,886)	-	(1,092,357)	-
Proceeds from capital grants	369,091	-	-	369,091	-
Principal paid on capital debt	(567,420)	(300,000)	-	(867,420)	-
Interest paid on capital debt	(140,591)	(219,144)	-	(359,735)	-
Net cash used in capital and related financing activities	(881,391)	(1,069,030)	-	(1,950,421)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7,352	64,165	-	71,517	643
Net cash provided by investing activities	7,352	64,165	-	71,517	643
Net increase in cash and cash equivalents	1,632,885	609,118	(41,821)	2,200,182	3,160,093
Balances-beginning of the year	7,158,739	5,554,112	41,821	12,754,672	41,906
Balances-end of the year	<u>\$ 8,791,624</u>	<u>\$ 6,163,230</u>	<u>\$ -</u>	<u>\$ 14,954,854</u>	<u>\$ 3,201,999</u>
RECONCILIATION TO STATEMENT OF NET POSITION					
Unrestricted:					
Cash and cash equivalents	\$ 6,845,014	\$ 5,962,647	\$ -	\$ 12,807,661	\$ 3,201,999
Restricted:					
Cash and cash equivalents	1,946,610	200,583	-	2,147,193	-
	<u>\$ 8,791,624</u>	<u>\$ 6,163,230</u>	<u>\$ -</u>	<u>\$ 14,954,854</u>	<u>\$ 3,201,999</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Donated subdivision	<u>\$ 369,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,091</u>	<u>\$ -</u>

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

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Proprietary Funds-Business-type Activities				Governmental Activities
	Major-Funds		Non-Major Fund	Total	Internal Service Fund
	Water and Sewer	Biloxi Port Fund	Point Cadet Development Corporation		
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ (534,086)	\$ (1,830,026)	\$ -	\$ (2,364,112)	\$ (3,215,599)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	3,666,526	1,891,309	-	5,557,835	-
Miscellaneous revenue	536,601	-	-	536,601	-
Decrease (increase) in assets					
Accounts receivable	1,840,521	(9,077)	-	1,831,444	(400,579)
Lease receivables	-	824,466	-	824,466	-
Due from other funds	-	26,791	-	26,791	44,388
Accrued interest - leases	-	(971)	-	(971)	-
Deferred outflows	(133,598)	(90,297)	-	(223,895)	-
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	(574,036)	(30,197)	-	(604,233)	723,374
Due to other funds	(4,723)	(1,692)	-	(6,415)	-
Compensated absences	43,914	3,708	-	47,622	-
Customer deposits	91,748	(4,433)	-	87,315	-
Lease liabilities	(1,877)	-	-	(1,877)	-
Unearned revenues	(16,784)	52,242	-	35,458	-
Deferred inflows - leases	-	(829,824)	-	(829,824)	-
Pension liabilities and deferred inflows	228,195	154,234	-	382,429	-
Net cash provided by (used in) operating activities	<u>\$ 5,142,401</u>	<u>\$ 156,233</u>	<u>\$ -</u>	<u>\$ 5,298,634</u>	<u>\$ (2,848,416)</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Introduction

The City of Biloxi, Mississippi, (the “City”) was incorporated on February 8, 1838, under the laws of the State of Mississippi. The City operates under a Mayor-Council form of government and provides the following services: public safety (police, fire, and civil defense), public works (highways, streets, and sanitation), health and social services, culture-recreation, community development, planning and zoning, and general administrative services.

The City’s reporting entity applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the City of Biloxi (the primary government) and its components. The component unit discussed in Note 1 (III) below is included in the City’s reporting entity because of the significance of its operation and financial relationship with the City.

II. Financial Reporting Entity

The City’s basic financial statements include the accounts of all City operations. The criteria for including organizations as component units of the City consist of oversight responsibility, special financing relationships and scope of public services. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, the City had one component unit during the year ended September 30, 2022. Additionally, see Note 15 for information describing a joint venture of the City and another governmental entity and a jointly governed organization.

III. Component Unit Disclosure

The criteria for including component units consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The City presents its component unit using the blended method.

1) Blended Component Unit: Point Cadet Development Corporation

The Point Cadet Development Corporation (PCDC), a non-profit corporation, is governed by a three member board whose president is always the current Mayor of the City of Biloxi. Although it is legally separate from the City, PCDC is reported as part of the primary government because its sole purpose is to finance, develop, and manage City owned property. PCDC provides services solely to the City of Biloxi and is reported as an enterprise fund using the blended method. PCDC does not issue separate financial statements. In the current year, PCDC was dissolved and all assets and liabilities were completely absorbed by the City.

IV. Related Organizations

The Biloxi Public School District has been excluded from the reporting entity, because it is an “other stand-alone government”. The school district is a related organization of, but not a component unit of the City of Biloxi. The governing authorities of the City do select the members of the school district’s board, but do not have ongoing financial responsibility for the school district.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Joint Ventures and Jointly Governed Organizations

Additionally, during its evaluation of potential component units, management identified one joint venture (Harrison County Utility Authority), and two jointly governed organizations (the Harrison County Library System and the Gulfport-Biloxi International Airport).

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs, risks, and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients.

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

VI. Basis of Accounting, Measurement Focus, and Presentation

The City's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. GASB is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

GASB standards require that the accounts of the City be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Financial reporting standards established by GASB require that the financial statements described below be presented.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Accordingly, all of the City's current and long-term assets and liabilities, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position as of September 30. The statement of activities presents changes in net position since October 1, the beginning of the fiscal year.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

VI. Basis of Accounting, Measurement Focus, and Presentation, (Continued)

Government-wide Financial Statements, (Continued)

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Shared revenues are recognized when the provider recognizes the liability to the City. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Taxes and items not properly included as program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in financial position as presented in these statements to the financial position presented in the government-wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting.

The City reports the following major governmental funds:

General Fund - The City's primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in a separate fund.

General Capital Projects Fund - This fund is used to account for the City's capital projects. Revenues are received primarily from the General Fund.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest, and related costs.

In addition to the major governmental funds listed above, the City also reports two additional fund types in this category that are considered nonmajor.

The *special revenue funds* account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including permanent funds or major capital projects).

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not financed by other funds.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

VI. Basis of Accounting, Measurement Focus, and Presentation, (Continued)

Governmental Fund Financial Statements, (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise fees, sales taxes, and licenses, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales tax collected and held by vendors at year end on behalf of the City is also recognized as revenue if collected within 30 days after year end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. In general, all other revenue items are considered to be measurable and available only when cash is received by the City.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, as appropriate, then the unrestricted resources as needed.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows for each major proprietary fund. These fund types are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. The City reports two major utility funds where the intent of the governing body is that the costs of providing utility services to the general public on a continuing basis be financed or recovered through user charges:

The City reports the following enterprise funds:

Water and Sewer Fund – The water and sewer fund accounts for the activities of the City's water, sewer, and garbage collections.

Biloxi Port Fund – This fund accounts for the activities of the City's harbors, wharves, piers, and channels.

Non-Major Proprietary Fund – Point Cadet Development Commission (a blended component unit) accounts for the activities of PCDC.

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

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

VI. Basis of Accounting, Measurement Focus, and Presentation, (Continued)

Internal Service Funds

Like commercial enterprises, a governmental unit may decide to accept certain risk rather than insure against those risks. As part of the City's self-insurance program, Internal Service Self-Insurance Reserve Funds have been established to account for the actual cost of claims, reinsurance, and reserves. The City's Internal Service Funds administer the risk for workman's compensation, liability, automobile, casualty, and health insurance. The Internal Service Funds in turn charge the other City funds for their allocable share of these net costs.

VII. Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. Accordingly, actual results could differ from those estimates.

VIII. Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

For the purpose of cash flows, the City considers cash on hand, cash with fiscal agents, demand deposit, certificates of deposit and bank repurchase agreements as cash and cash equivalents. In addition, each fund's equity in the City's pooled cash has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.

Investments

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

Receivables

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represent the 2022 levy and prior levies still uncollected, if any.

Accounts receivable held by the City's governmental and business-type activities are stated net of allowances for estimated uncollectibles as of September 30, 2022. The allowance is based on historical collection, experience, and other relevant circumstances.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. The City reported \$14,741 due from business-type funds to governmental funds at September 30, 2022.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Fund Balance (Continued)

Receivables (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Unbilled Services Receivable

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2022, are recorded as prepaid items. In governmental funds, reported prepaid items are equally offset by nonspendable fund balance amounts, which indicate they do not constitute "available spendable resources" even though they are a component of net current assets. The net change in nonspendable fund balances is not presented because the combined statement of revenues, expenditures, and changes in fund balances reflects the changes in total fund balances rather than just the spendable and nonspendable fund balances.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are externally imposed by creditors, contributors, grantors, or laws. Restricted assets in governmental activities represent capital asset purchases, reserve for debt service and bond payment reserves. Restricted assets in business type activities represent utility customer deposits subject to refund. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

Capital Assets

Capital assets, which include property, plant, equipment, and current infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), net of depreciation, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's capitalization levels are as follows: purchased assets costing more than \$1,000 are capitalized; building renovations are capitalized when their cost exceeds 25% of the building's previously capitalized cost and if the repair extends the building's estimated useful life; donated capital assets, donated works of art and similar items, as well as capital assets received in a service concession arrangement are reported at acquisition value. Assets acquired using capital lease obligations are treated in the same manner as purchased capital assets.

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

	<u>Lives</u>
Buildings	40-50 years
Improvements	40-50 years
Infrastructure	20-60 years
Machinery and equipment	3-15 years

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Fund Balance (Continued)

Deferred Outflows and 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 or periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category related to the City's participation in the pension plan, the unamortized changes in investments actual performance, expectations, projections, and changes in plan assumptions (See Note 10).

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 or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of item that qualifies for reporting in this category related to the City's participation in the pension plan and the difference between projected and actual plan investment earnings (See Note 10) and lease receivables (See Note 6).

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the 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.

Long-term Liabilities

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other financing uses.

Compensated Absences

The City accrues accumulated unpaid vacation and comp time and associated employee-related costs when earned (or estimated to be earned) by the employee. Employees are paid for up to 30 days of unused annual leave upon retirement or resignation with two weeks' written notice, while excess annual leave and all accumulated sick leave remaining are counted as creditable service toward retirement.

For proprietary funds and the government-wide statements, the current portion is the amount estimated to be used in the following year.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Fund Balance (Continued)

Estimated Insurance Claims Payable

The City is self insured for general liability, property, automobile, workers' compensation, and employee health claims. The operating funds are charged premiums by the City's insurance internal service funds. The accrued liabilities for estimated claims represent an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not yet reported.

Unearned Revenue

In the governmental funds, certain revenue transactions have been reported as unearned revenue. Revenue cannot be recognized until it has been earned and it becomes available to finance expenditures of the current fiscal period.

In proprietary funds (and for governmental activities in the government-wide statement) unearned revenue is reported as unearned revenue, regardless of its availability.

Fund Equity

As of September 30, 2022, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the highest level of decision making authority, the City Council (Council), and does not lapse at year end.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's policy, only the Council or an official or body to which the Council delegates the authority may assign amounts for specific purposes. Currently, the Council has not delegated the authority to assign fund balances.

Unassigned – All amounts not included in other spendable classifications. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund is reported as unassigned.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

**CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Fund Balance (Continued)

Fund Equity (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Council or an official or body to which the Council delegates the authority, as applicable, has provided otherwise in its commitment or assignment actions.

Net Position

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

VI. Stewardship, Compliance, and Accountability

Budgetary Data

The procedures used by the City in establishing the 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 September 1, the Mayor submits to the City Council 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. The budgetary comparisons present budget figures at the legal level of control. The City legally adopts annual budgets for all funds. The City Council formally adopts the annual budget for the general fund with revenues segregated by source (ad valorem tax, licenses and permits, intergovernmental, etc.). The general fund expenditure budget is set at the character level (current, capital outlay, debt service) for each department (function) with current expenditures further detailed at the object class level (personal services, supplies, other services and charges, and contractual services).

Budgetary – GAAP Reporting Reconciliations

Budgetary comparison is required to be presented for the general fund and each major special revenue fund, if any, with a legally adopted budget. The City adopts annual operating budgets for the general fund and all special revenue 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 Budgetary Comparison Schedule.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS

The City deposits funds in financial institutions selected by the City's City Council in accordance with Mississippi statutes. Furthermore, the City invests excess funds in various investment instruments that are allowed by statutes. Various restrictions on deposits and investments are imposed by statutes.

A summary of cash (including restricted cash) at September 30, 2022 is as follows:

	Cash on Hand	Cash Deposits	Pooled Cash Deposits	Total
Governmental Activities				
General Fund	\$ 9,950	\$ 11,511,856	\$ 9,650,385	\$ 21,172,191
General Capital Projects	-	7,981,152	1,351,271	9,332,423
Debt Service	-	26,994	4,041,152	4,068,146
Other Nonmajor Gov't Funds	-	18,072,597	792,329	18,864,926
Internal Service Fund	-	3,116,975	85,024	3,201,999
Total governmental activities	9,950	40,709,574	15,920,161	56,639,685
Business-type Activities				
Water and Sewer	600	9,192,523	(401,499)	8,791,624
Biloxi Port Fund	550	66,161	6,096,519	6,163,230
Total business-type activities	1,150	9,258,684	5,695,020	14,954,854
Total cash and cash equivalents	\$ 11,100	\$ 49,968,258	\$ 21,615,181	\$ 71,594,539

The City maintained the following restricted assets as of September 30, 2022:

Governmental Activities	
Cash and cash equivalents	
Restricted for capital projects	\$ 6,125,690
Restricted for debt service	14,390,182
Restricted for other special projects	11,100,741
Total restricted assets - governmental activities	31,616,613
Business-type Activities	
Cash and cash equivalents	
Restricted for utility customer deposits	1,946,610
Restricted for debt service	200,583
Total restricted assets - business-type activities	2,147,193
Total restricted assets - government-wide	\$ 33,763,806

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover 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. The collateral is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Miss. Code Ann. (1972), §27-105-5.

Under this program, the City'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. 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.

At September 30, 2022, deposits (including restricted deposits) are as follows:

	Bank Balance	Carrying Amount
Pooled deposits:		
Cash and cash equivalents	\$23,033,327	\$21,615,181
Non-pooled deposits:		
Cash and cash equivalents	52,510,816	49,979,358
Total	<u>\$75,544,143</u>	<u>\$71,594,539</u>

Investments

The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved. At September 30, 2022, investments consisted of the following:

	Yield	Purchase Date	Maturity Date	Reported Amount	Fair Value
Debt Service Fund					
2020A Tax Escrow Account					
U.S. Treasury Notes	2.63%	Various	Various	14,390,182	14,390,182
Total investments				<u>\$ 14,390,182</u>	<u>\$ 14,390,182</u>

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows on the next page.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Investments (continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted priced included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

All of the City's marketable securities have been valued using Level 1 measurements.

Interest Rate Risk This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Most of the City's investments are in Money Market Mutual funds which have an investment maturity of less than one year. The State and local government securities also have a maturity of less than one year.

Concentration of Credit Risk The City places no limit on the amount the City may invest in any one issuer. More than 5 percent of the City's investments are in Money Market Mutual Funds.

Credit risk Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. All of the City's investments have been given the AAA rating.

NOTE 3: RECEIVABLES

Receivables at September 30, 2022, consist of the following:

	Governmental Activities	Business-type Activities	
	General Fund		Total
Franchise taxes	\$ 876,896	\$ -	\$ 876,896
Court fines and fees	6,356,680	-	6,356,680
Utility customer charges	518,317	2,721,407	3,239,724
Other receivables	1,409,387	971	1,410,358
Total receivables, gross	9,161,280	2,722,378	11,883,658
Less allowance for doubtful receivables	(6,548,608)	(1,061,946)	(7,610,554)
Total receivables, net	<u>\$ 2,612,672</u>	<u>\$ 1,660,432</u>	<u>\$ 4,273,104</u>

Property Taxes

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. The taxes on real and personal property attach as an enforceable lien on the property as of January 1 of each year. Taxes on real and personal property are levied by the City Council at the first regular meeting in September. Through an inter-local agreement, all of the property taxes of the City of Biloxi are collected by the Harrison County Tax Collector and remitted as tax settlements (less an appropriate collection fee) to the City on a monthly basis. Taxes for the Biloxi Public School District are also billed and collected by the county and remitted to the schools through the City.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3: RECEIVABLES (Continued)

Restrictions associated with property tax levies vary with the statutory authority. State law limits the amount of increase in certain property taxes. In accordance with the Mississippi Code of 1972, as amended, the City Council may levy taxes in any amount for general revenue purposes and general improvements.

However, taxes for any assessment year may not exceed one hundred ten percent (110%) of the taxes collected for the prior assessment year. 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. In addition, the City Council may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

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 when received. Personal property taxes are recognized as revenue when received because most delinquent personal property taxes are collected by selling the property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year. The remaining amount of personal property not sold for taxes at the tax sale is recorded as delinquent taxes receivable.

The tax levies for the City for the fiscal years ended September 30, 2022, 2021, and 2020 are as follows:

	2022	2021	2020
City Funds			
General Fund	19.67	19.05	19.05
Special revenue funds:			
Disability and Relief (Pension) Funds	1.90	2.02	1.83
Debt Service Funds	8.51	9.01	9.20
Solid waste collection and disposal	0.02	0.02	0.02
Total City administered funds	30.10	30.10	30.10
School Funds			
District Maintenance	40.55	41.28	41.42
School Debt	2.70	2.09	1.95
Total School administered funds	43.25	43.37	43.37
Total levy	73.35	73.47	73.47

Gaming Revenue

In 1992, the citizens of Harrison County voted to allow dockside casino gaming as defined by the Mississippi Gaming Control Act of 1990. In August of 1992, the first casino opened at Biloxi's Point Cadet development. As of September 30, 2022, there were eight casinos operating within the City of Biloxi. Gaming activities are taxed in a variety of ways. The State of Mississippi levies a sliding scale tax on gross gaming revenue, of which Harrison County and the City of Biloxi receive .4 to .8 percent. This tax is divided 73.4% to the County, and 26.6% to the City of Biloxi. The allocation is based upon the population demographics of the last official census. In addition to the State tax, the City of Biloxi, through local ordinance in accordance with state law, levies an additional 3.2% tax on gross gaming revenues. This tax is distributed as follows: 60% to the General Fund, (20% of which is designated for public safety); 20% to the Biloxi Public Schools; 10% to Harrison County for public safety; and 10% to Harrison County Schools. In addition to the taxes on gross gaming revenue, the State, City and County annually receive licensing fees and permits from each casino for each gaming device.

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 3: RECEIVABLES (Continued)

Gaming Revenue

The following is an analysis of the gaming revenues reported in the General Fund:

Local option 3.2% tax	\$ 20,650,338
Local share of state tax	2,028,606
Gaming licenses and permits	<u>1,142,413</u>
Total gaming revenues	<u><u>\$ 23,821,357</u></u>

NOTE 4: DUE FROM OTHER GOVERNMENTS

Sales Tax

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 Biloxi) back to the City monthly. Sales tax receivable is included in due from other governments on the statement of net position and balance sheet – governmental funds and consists of taxes collected by the State for August and September 2022 and not received by the City until October and November 2022.

Due from other governments at September 30, 2022, consists of the following:

	Governmental Activities	Business-Type Activities	
	General Fund	Water and Sewer	Total
Grants	\$ 2,709,713	\$ 3,628,024	\$ 6,337,737
County road tax	1,077,048	-	1,077,048
Harrison County, ad valorem	299,711	-	299,711
State of Mississippi, gaming taxes and fees	3,833,293	-	3,833,293
State of Mississippi, sales tax diversion	<u>2,433,399</u>	<u>-</u>	<u>2,433,399</u>
Total due from other governments	<u><u>\$ 10,353,164</u></u>	<u><u>\$ 3,628,024</u></u>	<u><u>\$ 13,981,188</u></u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5: CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2022:

	Balance October 1, 2021	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2022
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 46,130,040	\$ 97,568	\$ -	\$ 116,082	\$ 46,343,690
Construction in progress	67,225,895	10,354,113	(252,078)	(3,746,680)	73,581,250
Total capital assets, not being depreciated	113,355,935	10,451,681	(252,078)	(3,630,598)	119,924,940
Capital assets, being depreciated:					
Buildings	137,060,077	-	(23,242)	-	137,036,835
Improvements other than buildings*	31,046,957	-	-	2,821,260	33,868,217
Machinery and equipment	45,091,769	4,848,592	(1,010,172)	49,568	48,979,757
Infrastructure - streets and drainage	193,594,841	810,681	-	918,452	195,323,974
Right of use assets	571,736	463,878	(8,681)	-	1,026,933
Total capital assets, being depreciated	407,365,380	6,123,151	(1,042,095)	3,789,280	416,235,716
Less accumulated depreciation for:					
Buildings	(31,148,020)	(3,339,085)	6,590	-	(34,480,515)
Improvements other than buildings	(11,915,536)	(1,500,295)	-	-	(13,415,831)
Machinery and equipment	(34,411,500)	(2,492,691)	957,488	-	(35,946,703)
Infrastructure - streets and drainage	(75,613,247)	(3,223,851)	-	-	(78,837,098)
Right of use assets	(223,423)	(298,153)	-	-	(521,576)
Total accumulated amortization and depreciation	(153,311,726)	(10,854,075)	964,078	-	(163,201,723)
Total capital assets, being depreciated, net	254,053,654	(4,730,924)	(78,017)	3,789,280	253,033,993
Total governmental activities capital assets, net	\$ 367,409,589	\$ 5,720,757	\$ (330,095)	\$ 158,682	\$372,958,933

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5: CAPITAL ASSETS (Continued)

	Balance October 1, 2021	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2022
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 829,243	\$ -	\$ -	\$ (116,082)	\$ 713,161
Construction in progress	201,129,079	18,510,424	-	(42,600)	219,596,903
Total capital assets, not being depreciated	201,958,322	18,510,424	-	(158,682)	220,310,064
Capital assets, being depreciated:					
Equipment	6,476,157	545,283	(87,250)	-	6,934,190
Water and sewer system	152,951,704	369,091	-	-	153,320,795
Port buildings & improvements	54,224,867	-	-	-	54,224,867
Right of use assets	220,581	-	-	-	220,581
Total capital assets, being depreciated	213,873,309	914,374	(87,250)	-	214,700,433
Less accumulated depreciation for:					
Equipment	(3,907,888)	(342,699)	87,790	-	(4,162,797)
Water and sewer system	(57,310,612)	(3,263,432)	-	-	(60,574,044)
Port buildings & improvements	(21,782,773)	(1,880,079)	-	-	(23,662,852)
Right of use assets	(30,930)	(71,625)	-	-	(102,555)
Total accumulated amortization and depreciation	(83,032,203)	(5,557,835)	87,790	-	(88,502,248)
Total capital assets, being depreciated, net	130,841,106	(4,643,461)	540	-	126,198,185
Total business-type activities capital assets, net	\$ 332,799,428	\$ 13,866,963	\$ 540	\$ (158,682)	\$ 346,508,249

Primary Government

Depreciation expense was charged to the following governmental functions:

Governmental Activities	
General government	\$ 1,498,830
Community development	497,186
Cultural affairs	967,714
Parks and recreation	1,585,030
Public safety	2,842,820
Public works	203,299
Engineering	35,344
Infrastructure	3,223,852
	<u>10,854,075</u>
Business-type Activities	
Water and Sewer	3,666,526
Port fund	1,891,309
	<u>5,557,835</u>
Total depreciation expense	<u>\$ 16,411,910</u>

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 6: LEASING ARRANGEMENTS

The Governmental Accounting Standards Board (GASB) Statement No. 87 – Leases has been implemented for the year ended September 30, 2022. Beginning net position has been adjusted for the cumulative effect of implementing the change in accounting principle. See Note 16 for more information.

Lessor

The City is a lessor under 25 non-cancelable lease arrangements involving the lease of City assets. The agreements permit the lessee the right to use the specified asset for the term of the agreement. The terms of the agreements range from 1 to 23 years, expiring between October 2022 and December 2043. Three of the leases contains variable payment adjustments based on revenues. These amounts are not included in the lease receivable calculation and related deferred inflows – leases. For the year ended September 30, 2022 the City recognized \$3,685,257 in lease revenue and \$1,067,611 in interest income related to these agreements. These amounts are included in charges for services in the statement of activities. The variable lease revenues for the year ended are \$4,439,831. In additions, the City reported \$52,045,757 in lease receivables and \$51,607,006 in deferred inflows of resources related to leases.

The following is a schedule of future minimum rentals through the end of the lease agreements in effect as of September 30, 2022, not including variable lease revenues:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Receipts
	Principal	Interest	Principal	Interest	
2023	\$ 2,444,079	\$ 854,268	\$ 802,489	\$ 13,179	\$ 4,114,015
2024	2,409,729	815,076	602,987	10,091	3,837,883
2025	2,382,296	775,373	31,820	8,758	3,198,247
2026	2,387,227	735,246	30,317	8,262	3,161,052
2027	2,416,799	694,576	30,820	7,758	3,149,953
2028-2032	12,704,118	2,838,853	161,956	30,935	15,735,862
2033-2037	13,532,445	1,715,439	175,865	17,026	15,440,775
2038-2042	11,540,809	529,235	115,898	3,051	12,188,993
2043-2048	276,103	3,197	-	-	279,300
	<u>\$ 50,093,605</u>	<u>\$ 8,961,263</u>	<u>\$ 1,952,152</u>	<u>\$ 99,060</u>	<u>\$ 61,106,080</u>

Lessee

The City is lessee under 64 non-cancelable lease agreements involving the lease of office facilities, office equipment, lighting, and police vehicles. The agreements permit the City the right to use the specified property for the term of the agreements.

The following is a schedule of the City's lease liabilities related to these leases at September 30, 2022:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2023	\$ 170,457	\$ 3,592	\$ 71,535	\$ 193	\$ 245,777
2024	138,286	2,617	46,628	40	187,571
2025	90,218	1,668	-	-	91,886
2026	45,123	988	-	-	46,111
2027	34,290	535	-	-	34,825
2028-2032	30,821	204	-	-	31,025
	<u>\$ 509,195</u>	<u>\$ 9,604</u>	<u>\$ 118,163</u>	<u>\$ 233</u>	<u>\$ 637,195</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7: SHORT TERM DEBT

The following is a summary of short term debt activity for the year ended September 30, 2022:

	Original Issue	Interest Rate	Balance 10/1/2021	Issues	Redemptions	Balance 9/30/2022
Governmental activities						
Grant anticipation note	2/4/2021	1.08%	\$ 357,041	\$ 3,642,959	\$ 4,000,000	\$ -
Grant anticipation note	4/19/2021	1.08%	723,024	1,100,000	979,969	843,055
Total short-term capital borrowings			<u>\$ 1,080,065</u>	<u>\$ 4,742,959</u>	<u>\$ 4,979,969</u>	<u>\$ 843,055</u>

The purpose of the short-term borrowings was to provide resources for costs of recovery from Hurricane Zeta. The form of financing used in all cases was anticipation receipt of grant funds. The amounts issued for governmental activities are accounted for in the capital projects fund.

NOTE 8: LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended September 30, 2022 are as follows:

	Balance October 1, 2021	Additions	Adjustments	Principal Payments/ Reductions	Balance September 30, 2022	Due within One Year
Governmental Activities						
General Obligation Bonds	\$ 62,579,000	\$ 14,000,000	\$ -	\$ (3,971,000)	\$ 72,608,000	\$ 18,616,000
Tax Increment Limited Obligation Bonds	18,199,757	-	-	(2,094,027)	16,105,730	2,964,730
Equipment installment loans	7,777,150	551,000	-	(946,930)	7,381,220	1,026,530
Lease payable	349,777	453,117	-	(293,699)	509,195	170,457
Compensated absences	10,069,199	1,566,774	-	(1,855,316)	9,780,657	2,445,164
Net pension liability	73,308,849	-	23,760,653	-	97,069,502	-
Total governmental activities	<u>\$ 172,283,732</u>	<u>\$ 16,570,891</u>	<u>\$ 23,760,653</u>	<u>\$ (9,160,972)</u>	<u>\$ 203,454,304</u>	<u>\$ 25,222,881</u>
Business-type Activities						
Water and Sewer notes payable	\$ 7,379,935	\$ -	\$ -	\$ (468,814)	\$ 6,911,121	\$ 477,085
Limited tax Port Bonds	6,400,000	-	-	(300,000)	6,100,000	310,000
Drinking water loan	710,420	-	-	(56,107)	654,313	57,211
Equipment installment loans	85,717	-	-	(42,499)	43,218	43,218
Lease payable	189,692	-	-	(71,529)	118,163	71,535
Compensated absences	456,036	192,783	-	(145,161)	503,658	125,916
Net pension liability	4,039,302	-	1,665,407	-	5,704,709	-
Total business-type activities	<u>\$ 19,261,102</u>	<u>\$ 192,783</u>	<u>\$ 1,665,407</u>	<u>\$ (1,084,110)</u>	<u>\$ 20,035,182</u>	<u>\$ 1,084,965</u>

The General and Water and Sewer Funds provide the resources for the retirement of compensated absences. For the year ended September 30, 2022, interest and fees incurred and charged to expense totaled \$2,861,712 in the governmental activities and \$359,735 in the business-type activities.

Bonds Payable

The City is responsible for the repayment of specific General Obligation Bonds of the City of Biloxi, Mississippi. The bonds are backed by the full faith and credit of the City of Biloxi, Mississippi, are being retired from the resources of the City, and are presented as debt of the City. Notwithstanding the foregoing, certain maturities of the General Obligation Bonds Series 2014B, totaling \$14,390,182 in principal amount, have been refunded and are secured by and payable from escrowed securities. (see General Obligation Bond Refunding Series 2020A below for more information).

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8: LONG-TERM LIABILITIES (Continued)

Bonds Payable (Continued)

At September 30, 2022, the City had the following outstanding bonds payable:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2022
Governmental Activities:					
General obligation bonds:					
General obligation bonds Series 2019	2/8/2019	3/1/2039	Variable	\$ 14,000,000	\$ 12,485,000
General obligation bonds Series 2017	3/15/2017	3/1/2032	Variable	7,000,000	5,055,000
General obligation bonds Series 2011	10/28/2011	12/1/2022	Variable	9,350,000	400,000
General obligation bonds Series 2012	4/1/2012	4/1/2027	Variable	6,000,000	2,355,000
General obligation bonds Series 2020	6/8/2020	1/1/2029	Variable	8,662,000	7,562,000
General obligation bonds Series 2014B	2/24/2014	3/1/2034	Variable	21,000,000	15,050,000
General obligation bonds Series 2020A	6/2/2020	3/1/2034	Variable	16,206,000	15,701,000
Special obligation bonds, Series 2022	5/25/2022	8/1/2042	2.75%	14,000,000	14,000,000
Limited Obligation Bonds					
Tax increment limited obligation bond Series 2021	9/15/2021	6/1/2029	1.47%	1,896,000	1,639,000
Tax increment limited obligation bond Series 2016	11/1/2016	11/1/2027	Variable	21,020,000	12,850,000
Tax increment limited obligation bond Series 2014	6/25/2014	4/15/2029	4.07%	1,995,000	1,616,730
Total governmental activities				<u>121,129,000</u>	<u>88,713,730</u>
Business-type Activities:					
Limited tax Port Bonds					
Port bonds Series A & B	8/1/2017	8/1/2037	Variable	7,500,000	6,100,000
Total business-type activities				<u>7,500,000</u>	<u>6,100,000</u>
Total bonds				<u>\$ 128,629,000</u>	<u>\$ 94,813,730</u>

The City's future principal and interest requirements related to the bonds payable are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2023	\$ 21,580,730	\$ 2,273,903	\$ 310,000	\$ 205,144	\$ 24,369,777
2024	6,715,000	1,982,296	325,000	192,744	9,215,040
2025	6,904,000	1,763,668	335,000	179,744	9,182,412
2026	7,128,000	1,537,648	350,000	169,094	9,184,742
2027	7,364,000	1,302,896	360,000	157,944	9,184,840
2028-2032	21,842,000	3,989,285	2,010,000	609,169	28,450,454
2032-2037	10,993,000	1,758,166	2,410,000	254,194	15,415,360
2038-2042	6,187,000	431,967	-	-	6,618,967
	<u>\$ 88,713,730</u>	<u>\$ 15,039,829</u>	<u>\$ 6,100,000</u>	<u>\$ 1,768,033</u>	<u>\$ 111,621,592</u>

The City Council annually adopts a resolution providing for the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City. The millage rate for the year ended September 30, 2022, was 8.51 mills or \$8.51 per \$1,000 of assessed value.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8: LONG-TERM LIABILITIES (Continued)

Notes Payable

At September 30, 2022, the City's outstanding notes payable are described as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2022
Business-type Activities:					
State of MS Revolving Fund Loan	9/1/2010	11/1/2032	1.75%	\$ 2,906,577	\$ 1,626,814
State of MS Revolving Fund Loan	7/23/2013	6/1/2036	1.75%	4,185,344	3,084,728
State of MS Revolving Fund Loan	9/30/2014	9/1/2037	1.75%	2,764,434	2,199,579
State of MS Drinking Water Improvement Loan	11/3/2011	2/15/2033	1.95%	1,133,861	654,313
Total business-type activities				10,990,216	7,565,434
Total notes payable				<u>\$ 10,990,216</u>	<u>\$ 7,565,434</u>

Principal and interest maturities will be as follows:

Year Ending September 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2023	\$ 534,296	\$ 129,368	\$ 663,664
2024	543,837	119,826	663,663
2025	553,550	110,113	663,663
2026	563,436	100,227	663,663
2027	573,499	90,164	663,663
2028-2032	3,024,851	293,464	3,318,315
2033-2037	1,771,965	67,268	1,839,233
	<u>\$ 7,565,434</u>	<u>\$ 910,430</u>	<u>\$ 8,475,864</u>

General long-term debt of the business-type activities is \$7,565,434 of pollution control/state revolving loans and drinking water improvement loans from the State of Mississippi. The State Tax Commission, in accordance with a signed agreement with the City of Biloxi, is currently deducting \$55,305 each month from the sales tax remittances to the City to apply as payments on these loans.

Installment Loans

The City has entered into several installment loans to finance the purchase of a fire station, fire boat, two fire trucks, a bucket truck, tasers, a computer dispatch and records system, and an energy performance project. The purchases were financed at a fixed, simple interest rate. Title to the energy performance equipment is held in the name of the City and Hancock Bank as lien holder and the agreement contains a bargain purchase option after 20 payments. Title to the fire boat and fire trucks are held in the name of City and BancLeasing LLC as lien holder. The fire boat agreement has a bargain purchase option and title to the fire trucks transfer at the completion of the lease agreement. Title to the fire station and related equipment is held in the name of the City and Regions Equipment Finance Corporation as lien holder and the agreement contains a purchase option. Title to the computer dispatch and records system is held in the name of the City with The First Bank as lien holder and the agreement contains a purchase option. Title to the bucket truck is held in the name of Peoples Bank and shall transfer to the City upon full satisfactory performance of the lease agreement.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8: LONG-TERM LIABILITIES (Continued)

Installment Loans (continued)

The installment loan obligations outstanding as of September 30, 2022, are as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2022
Governmental Activities:					
Installment loans:					
Tasers - Axon enterprise, Inc.	10/12/2021	10/14/2026	None	\$ 551,000	\$ 495,900
Fire boat - BancLeasing, LLC	6/30/2018	10/1/2022	3.40%	589,120	122,694
Fire station - Regions Equipment	7/20/2018	7/1/2033	3.63%	4,250,000	3,322,567
Fire trucks - BancLeasing, LLC	11/1/2020	9/1/2026	2.50%	1,016,923	600,220
Energy performance - Hancock Bank	4/5/2016	9/30/2027	2.29%	1,984,837	1,048,851
CAD and records system - Motorola	2/26/2021	12/15/2030	1.94%	1,978,938	1,790,988
Total governmental activities				10,370,818	7,381,220
Business-type Activities:					
Installment loans:					
Bucket truck - Peoples Bank	12/1/2020	1/5/2023	1.73%	129,500	43,218
Total business-type activities				129,500	43,218
Total capital lease obligations				\$ 10,500,318	\$ 7,424,438

The following is a schedule of future minimum lease payments under capital leases and the net present value of these minimum lease payments as of September 30, 2022:

Year Ending September 30,	Governmental Activities		Business -Type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2023	\$ 1,026,530	\$ 197,327	\$ 43,218	\$ 748	\$ 1,267,823
2024	924,797	172,764	-	-	1,097,561
2025	946,280	151,281	-	-	1,097,561
2026	968,531	129,030	-	-	1,097,561
2027	707,816	106,218	-	-	814,034
2028-2032	2,448,550	286,499	-	-	2,735,049
2033-2037	358,716	13,021	-	-	371,737
	<u>\$ 7,381,220</u>	<u>\$ 1,056,140</u>	<u>\$ 43,218</u>	<u>\$ 748</u>	<u>\$ 8,481,326</u>

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8: LONG-TERM LIABILITIES (Continued)

General Obligation Bond Refunding Series 2020A

On June 8, 2020, the City issued \$16,206,000 in Series 2020A general obligation bonds with interest rates of 2.25% - 1.95% on the refunding date. The City issued the bonds to provide for the advance refunding of outstanding series 2014B general obligation bonds with an outstanding balance of \$16,900,000 at 3.6% interest rate on the refunding date. The net proceeds were not sufficient to defease the full amount of the outstanding series 2014B bonds. The net proceeds of \$15,954,460 (after bond issuance costs of \$251,540) were deposited into an irrevocable trust to provide the debt service requirements of the new refunding bonds. Per GASB No.86, the bond refunding is considered to be a crossover refunding whereby the old and new debt are included in the City's debt obligations. The irrevocable trust is also included in the City's assets. The outstanding series 2014B bonds will continue to be paid by the current debt reserve account until such time as the escrow account proceeds are sufficient to meet the debt service payments, at which time the debt will be considered to be defeased and the escrow account obligation will crossover to the series 2014B bonds and the obligation and asset will be removed. This is expected to occur in March 2023. The outstanding principal of the series 2014B bonds and trust were \$15,050,000 and \$14,390,182, respectively, at September 30, 2022. The advance refunding is expected to reduce total debt service payments over the next 10 years by \$901,634. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$902,164.

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 last completed assessment for taxation. In no case shall the total indebtedness exceed 20% of the assessed value of the property.

The City's legal debt limit for general obligation bond was \$140,416,636 and the legal debt margin was \$60,243,154 at September 30, 2022.

NOTE 9: INTERFUND TRANSACTIONS

Interfund Receivables and Payables

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

Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9: INTERFUND TRANSACTIONS (Continued)

The interfund balances at September 30, 2022 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund:		
General Capital Projects Fund	\$ 6,438,913	\$ -
Claims Contingency Fund for Claims and Expenses	-	(77,944)
Total General Fund	<u>6,438,913</u>	<u>(77,944)</u>
General Capital Projects Fund:		
General Fund	-	(6,438,913)
Total General Capital Projects Fund	<u>-</u>	<u>(6,438,913)</u>
Enterprise Fund:		
Water/Sewer for Claims and Expenses	-	(11,793)
Biloxi Port Fund for Claims and Expenses	-	(2,948)
Total Enterprise Fund	<u>-</u>	<u>(14,741)</u>
Internal Service Self-Insurance Fund:		
Claims Contingency Fund from General Fund	77,944	-
Claims Contingency Fund from Water/Sewer	11,793	-
Claims Contingency Fund from Port Fund	2,948	-
Total Internal Service Self-Insurance Fund	<u>92,685</u>	<u>-</u>
Total	<u>\$ 6,531,598</u>	<u>\$ (6,531,598)</u>

Interfund Transfers

Transfers and payments within the reporting entity are substantially for the purposes of funding capital projects and asset acquisitions, grant matching requirements, subsidies of various City operations and re-allocations of special revenues.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns.

Interfund transfers between funds during the year ended September 30, 2022 consist of the following:

	Transfers In	Transfers Out
General Fund	\$ 1,019,990	\$ (7,272,908)
General Capital Projects Fund	6,717,295	(20,088,414)
Debt Service Fund	4	(234,952)
Other Non-major Governmental Funds	25,000	(998,674)
Total Governmental Funds	<u>7,762,289</u>	<u>(28,594,948)</u>
Water and Sewer	18,988,142	(3,264,105)
Point Cadet Development Corporation	-	(157,903)
Biloxi Port Fund	849,884	(1,591,225)
Internal Service Fund	6,007,866	-
Total Proprietary Funds	<u>25,845,892</u>	<u>(5,013,233)</u>
Total	<u>\$ 33,608,181</u>	<u>\$ (33,608,181)</u>

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9: INTERFUND TRANSACTIONS (Continued)

Interfund Transfers (continued)

Transfers are used to 1) move revenues from the fund with the collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and 3) move unrestricted general fund reserves to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 10: EMPLOYEE BENEFIT PLANS

The City of Biloxi participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multiemployer, cost-sharing pension plan and an agent multi-employer pension plan as described below:

Defined Benefit Pension Plan

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

All firemen and policemen hired prior to March 1, 1976, are covered by the Firemen's and Policemen's Disability and Relief Plan. All other City employees employed prior to February 5, 1975, are covered by the Employees' Disability and Relief Plan. Both the Firemen's and the Policemen's Disability and Relief Plan and the Employee's Disability and Relief Plan are agent multiple-employer defined benefit pension plan administered by the Public Employees Retirement System of Mississippi.

Plan Description

Under the provisions of Chapter No. 511 of the General Laws of the State of Mississippi, 1987, effective October 1, 1987, the administrative responsibility for these retirement systems was assigned to the Mississippi Municipal Retirement System, a program of the Public Employees' Retirement System of Mississippi. The City has no control over the administration of the plans. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website, www.pers.ms.gov, by writing to Public Employees Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601)359-3589 or 800-444-PERS.

Contributions

Based upon annual actuarial data provided by PERS, the City levies a tax millage sufficient to fund the current obligations for retirement payments and also provide the recommended amount to reduce the balance of the unfunded employer liability. For the year ended September 30, 2022 the combined millage was 1.90 mills. The City is required by statute to set a tax levy sufficient to fund the annual required contribution. The plan administrator, The Mississippi Municipal Retirement System, provides actuarial data for the two plans combined. The City's contributions to PERS for the year ended September 30, 2022 were \$1,305,216. The employer contributions were made in accordance with contribution requirements determined by an actuarial valuation of the system as of June 30, 2021. The City accounts for these closed plans as a single, agent multiple-employer defined benefit plan.

Current membership in the City's Mississippi Municipal Retirement System is composed of no active members and 73 retirees and beneficiaries.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan (continued)

Benefits Provided

Participating employees who retire, regardless of age, with at least 20 years of credited service are entitled to an annual retirement allowance, payable monthly in an amount equal to 50% of their average monthly compensation plus an additional 1.7% for each year of credited service in excess of 20 years with a maximum of 66 2/3% of average monthly compensation. Average monthly compensation is the average for the last 6 months of service. Certain death and disability benefits are also provided by these plans which are governed by State statute and City ordinances.

Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLAs). In addition, ad hoc COLAs are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The City's net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

The City's net pension liability at measurement date is as follows:

Total pension liability	\$ 20,175,091
Fiduciary net pension	(8,100,421)
Net pension liability	<u>\$ 12,074,670</u>

Schedule of Changes in Net Pension Liability

The change in net pension liability, for the Disability and Relief municipal pension plan, for the fiscal year ended September 30, 2022 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Change in Net Pension Liability			
Interest	\$ 1,485,674	\$ -	\$ 1,485,674
Difference between expected and actual experience	4,907	-	4,907
Contributions - employer	-	1,365,859	(1,365,859)
Net investment income	-	(783,594)	783,594
Benefit payments, including refunds of employee contributions	(1,986,600)	(1,986,600)	-
Administrative expense	-	(27,318)	27,318
Net change	(496,019)	(1,431,653)	935,634
Net pension liability beginning	20,671,110	9,532,074	11,139,036
Net pension liability ending	<u>\$ 20,175,091</u>	<u>\$ 8,100,421</u>	<u>\$ 12,074,670</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan (continued)

Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2022 for the Disability and Relief Municipal plan are as follows:

	Deferred Outflows of Resource	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	\$ 338,269	\$ 55,772
	<u>\$ 338,269</u>	<u>\$ 55,772</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2022 will be recognized in pension expenses as follows:

Year ended September 30	Amount
2023	\$ 32,308
2024	16,413
2025	(61,981)
2026	295,757
	<u>\$ 282,497</u>

Actuarial assumptions

Discount Rate The discount rate used to measure the total pension liability was 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 and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point-lower (6.55%) or 1-percentage-point higher (8.55%) than current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share of the plan's net pension liability	<u>\$ 13,722,367</u>	<u>\$ 12,074,670</u>	<u>\$ 10,641,903</u>

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan (continued)

Actuarial assumptions (continued)

Actuarially determined contribution rates are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are reported. Contributions for the year ending September 30, 2022 were based on the June 30, 2022 actuarial valuation:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	6.25%, net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 4.50%, including inflation
Inflation	2.75%

Public Employees' Retirement System

All full-time City employees hired after June 30, 1987, participate in the Public Employees' Retirement System of Mississippi (PERS). Other City employees hired prior to July 1, 1987 may elect to participate in the retirement system under an option offered by PERS.

Plan Description

The City of Biloxi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Mississippi's Public Employees' Retirement System's Board of Trustees. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website, www.PERS.ms.gov, 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

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 services (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 percent of their average compensation for each year of creditable service below 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 and 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Public Employees' Retirement System (continued)

Benefits provided (continued)

A Cost-of-Living Adjustment (COLA) 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 percent compounded for each fiscal year thereafter.

Contributions

The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. 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, 2022 was 17.40% of annual covered payroll. The City's contributions to PERS for the fiscal years ending September 30, 2022, 2021, and 2020 total \$5,278,287, \$5,181,645, and \$5,356,517, respectively, which equal the required contributions for each year.

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

At September 30, 2022, the City reported a liability of \$90,699,541 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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 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 September 30, 2022, the City's proportion was .440639 percent, which was a decrease of .007312 percent from its proportionate share measured as of September 30, 2021.

For the year ended September 30, 2022, the City recognized pension expense of \$6,687,194. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 1,200,124	\$ -
Changes in assumptions	2,931,479	-
Net difference between projected and actual earnings on pension plan investments	4,451,941	-
Change in proportionate share	-	1,936,451
City contributions subsequent to the measurement date	1,306,406	-
Totals	<u>\$ 9,889,950</u>	<u>\$ 1,936,451</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Public Employees' Retirement System (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-Type Activities		
Differences between expected and actual experience	\$ 84,118	\$ -
Changes in assumptions	205,470	-
Net difference between projected and actual earnings on pension plan investments	312,041	-
Change in proportionate share	-	135,726
City contributions subsequent to the measurement date	91,569	-
Totals	<u>\$ 693,198</u>	<u>\$ 135,726</u>

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$1,397,973 are recognized as a reduction to the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2023	\$ 1,927,908
2024	1,250,014
2025	(986,548)
2026	4,921,622
Total	<u>\$ 7,112,996</u>

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021 and a measurement date of June 30, 2022 using standard rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Public Employees' Retirement System (continued)

Actuarial assumptions (continued)

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2020. Mortality rates 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 the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	25.00%	4.60%
International equity	20.00%	4.50%
Global equity	12.00%	4.85%
Fixed income	18.00%	1.40%
Real estate	10.00%	3.65%
Private equity	10.00%	6.00%
Private infrastructure	2.00%	4.00%
Private credit	2.00%	4.00%
Cash equivalents	1.00%	-0.10%
Total	<u>100.00%</u>	

Discount rate

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

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Public Employees' Retirement System (continued)

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 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% decrease	6.55%	\$ 118,372,164
Current discount rate	7.55%	\$ 90,699,541
1% increase	8.55%	\$ 67,884,871

Pension plan fiduciary net position

Detailed information about the PERS pension plan is available in the separately issued PERS financial report, available at www.pers.ms.gov.

Deferred Compensation Plan

The City offers the City's employees voluntary participation in a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Plan, Deferred Compensation Plan for Public Employees administered by Nationwide Retirement Solutions, Inc., is available to all City employees and permits them to defer a portion of their salary until future years. All plan assets are held in trust by Nationwide for the exclusive benefit of the participants and their beneficiaries and not subject to the claims of the City's general creditors. Accordingly, the assets and liabilities for the compensation deferred by plan participants is not reflected in the City's financial statements. During the year September 30, 2022, contributions by participants employed by the City totaled \$524,385.

NOTE 11: DEFICIT FUND BALANCE

At September 30, 2022, the General Capital Projects Fund (a major fund) has a deficit fund balance of \$3,472,950. The deficit fund balance was caused by the difference in timing between expenses related to project engineering and the budgeted revenue related to this project.

NOTE 12: TAX ABATEMENTS

The Mississippi Code of 1972 Annotated §17-21-5, authorizes municipal governing authorities, in their discretion, to grant exemptions from ad valorem taxation, except ad valorem taxation for school district purposes, for new structures, or improvements to or renovations of existing structures located in the central business district of the municipality, for a period of not more than seven (7) years from the date of completion of the new structure or the improvement to or renovation of the existing structure for which the exemption is granted. The City adopted such an ordinance in 2019, which exempts eligible properties from up to 100% of municipal ad valorem taxes on the increase in assessed value related to completed improvements. Per the City ordinance, the City has granted tax abatements to two hotels. For the year ended September 30, 2022, the City abated \$40,517 in taxes.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 13: SELF-INSURED RISK, CLAIMS AND OTHER CONTINGENCIES

As described in Note 1 to the financial statements, the City has established a self-insurance risk retention program administered through an internal service fund. The following is a summary of the City's insurance coverage and self-insurance risk retention (SIR):

Property coverage excluding MGM property		
Per occurrence for all other perils	\$	100,000
Per occurrence for named wind/hail	\$	1,500,000
Per occurrence for all other wind/hail	\$	250,000
Specific excess coverage in force	\$	50,000,000
MGM property coverage		
Per occurrence for all other perils	\$	100,000
Per occurrence for named wind/hail	\$	500,000
Per occurrence for all other wind/hail	\$	100,000
Specific excess coverage in force	\$	10,000,000
Workers compensation		
Per occurrence deductible for police, firefighters, first responders (SIR)	\$	750,000
Per occurrence deductible for all other employees (SIR)	\$	500,000
Specific excess coverage in force workers comp		Statutory
Specific excess coverage in force employer's liability	\$	1,000,000
General and other liability coverage		
Per occurrence deductible for fire trucks and physical damage (SIR)	\$	100,000
Per occurrence deductible for general liability (SIR)	\$	150,000
Specific excess coverage in force general liability, \$2,550,000 agg.	\$	850,000
Per occurrence deductible for auto liability (SIR)	\$	150,000
Specific excess coverage in force auto liability, no aggregate	\$	850,000
Per wrongful act deductible for public officials and employment practices liability (SIR)	\$	150,000
Specific excess coverage in force public officials and employment practices liability, \$1,700,000 agg.	\$	850,000
Per wrongful act deductible for sexual abuse (SIR)	\$	150,000
Specific excess coverage in force sexual abuse, \$500,000 agg.	\$	250,000
Per individual deductible for employee benefits (SIR)	\$	150,000
Specific excess coverage in force employee benefits, \$1,700,000 agg.	\$	850,000
Per individual deductible for law enforcement (SIR)	\$	250,000
Specific excess coverage in force law enforcement \$2,250,000 agg.	\$	750,000
Health		
Per individual deductible (SIR)	\$	125,000
Annual aggregate risk of loss through deductibles	\$	9,826,537
Specific excess coverage in force	\$	1,000,000

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 13: SELF-INSURED RISK, CLAIMS AND OTHER CONTINGENCIES (Continued)

The following is a summary of the City's self-insurance reserves at September 30, 2022:

	Employee Medical Claims	Property Liability & Workers' Compensation	Total
Total estimated liability and reserves - October 1, 2020	\$ -	\$ 1,682,935	\$ 1,682,935
Claims incurred and changes in estimates	8,749,571	1,122,800	9,872,371
Claims paid	<u>(7,885,709)</u>	<u>(765,640)</u>	<u>(8,651,349)</u>
Total estimated liability and reserves - September 30, 2021	863,862	2,040,095	2,903,957
Claims incurred and changes in estimates	8,573,061	1,019,318	9,592,379
Claims paid	<u>(8,058,657)</u>	<u>(882,954)</u>	<u>(8,941,611)</u>
Total estimated liability and reserves - September 30, 2022	<u>\$ 1,378,266</u>	<u>\$ 2,176,459</u>	<u>\$ 3,554,725</u>

The City's reserves, including estimates for claims incurred but not reported, are developed by the City's third-party claims administrator. Administrative officials have reviewed the reserve estimates and consider them fairly stated. Additionally, the liability has been actuarially evaluated and found to be reasonable.

NOTE 14: COMMITMENTS AND CONTINGENCIES

Litigation

The City is party to legal proceedings, many of which occur in the normal course of governmental operations. Although the outcome of these proceedings is not presently determinable, in the opinion of the City's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Federal Grants

In the normal course of operations and as a result of the destruction from natural disasters, the City has received grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 14: COMMITMENTS AND CONTINGENCIES (Continued)

Capital Project Commitment

In connection with the Capital Projects, the City budgeted certain commitments for engineering services, construction and other capital project costs. The projects are to be funded, in part, with State and Federal grants. The remainder of the required funds will be generated by local sources.

The following is a summary of the budgeted commitment for future capital projects:

	Contract Amount	Expended to Date	Remaining Contract
Keesler Cate Project	\$ 6,314,792	\$ 4,802,361	\$ 1,512,431
Saenger Theater Exterior Repair	4,373,374	4,054,583	318,791
Point Cadet Marine Improvements	6,889,937	-	6,889,937
Biloxi Visitor Center Renovation	134,816	53,634	81,182
Hiller Park Boat Launch	557,602	152,859	404,743
Water and Sewer Drains	32,105,865	4,722,129	27,383,736
Water and Sewer Drains	43,813,705	19,295,886	24,517,819
Lighthouse Visitor Center	445,778	120,175	325,603
Lighthouse Visitor Center	524,763	357,147	167,616
Commercial Dock Repairs	555,630	-	555,630
Water and Sewer Drains	114,853,090	114,383,938	469,152
	<u>\$ 210,569,352</u>	<u>\$ 147,942,712</u>	<u>\$ 62,626,640</u>

NOTE 15: RELATED PARTY COMMITMENTS

Joint Venture

The City of Biloxi is a member of the Harrison County Utility Authority (Authority) which was established by an act of the Mississippi Legislature to provide for adequate wastewater treatment and solid waste disposal services to the citizens of Harrison County, Mississippi. The governing board is comprised of one member from each of the cities and two members from each of the counties who are members of the Authority. Through a fifty-year contract, the City of Biloxi is obligated to pay monthly, its pro-rata share of all operating, administrative, and capital costs of the Authority. Additionally, the City is jointly and severally liable for all of the liabilities of the Authority. The Authority is classified as a joint venture between the City of Biloxi and the other members. The following is a synopsis of the Authority's financial statements as of and for the year ended September 30, 2022, a complete copy of which is on file at the administrative offices of the Authority.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 15: RELATED PARTY COMMITMENTS (Continued)

Joint Venture (continued)

Harrison County Utility Authority
Condensed Statement of Net Position

Assets	
Current assets	\$ 14,060,594
Noncurrent assets	200,187,788
Total assets	<u>214,248,382</u>
Deferred outflows related to pensions	<u>702,351</u>
Total assets and deferred outflows of resources	\$ 214,950,733
Liabilities and Net Position	
Current liabilities	\$ 16,779,160
Noncurrent liabilities	86,210,346
Total liabilities	<u>102,989,506</u>
Deferred inflows related to pensions	<u>397,933</u>
Total liabilities and deferred inflows related to pensions	<u>103,387,439</u>
Net position	\$ <u>111,563,294</u>

Statement of Revenue, Expenditures, and Changes in Net Position

Operating revenues	\$ 22,313,598
Depreciation	(14,434,792)
Operating expenses	(22,459,039)
Non-operating revenues (expenses)	<u>6,454,247</u>
Change in net position	\$ (8,125,986)
Beginning net position	<u>119,689,280</u>
Ending net position	\$ <u>111,563,294</u>

Jointly Governed Organization

Harrison County Library System

On May 18, 1976, the City entered into an agreement with the Board of Trustees of the Biloxi Public Library, the City of Gulfport, the Board of Supervisors of Harrison County, the Board of Trustees of the Gulfport-Harrison County Library, the City of Pass Christian, and the Board of Trustees of the Pass Christian 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 and the City of Biloxi has no equity interest in the organization. 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 of Biloxi contributed \$723,000 for the year ended September 30, 2022. The amount budgeted for the City of Biloxi for the fiscal year ended September 30, 2023 is \$733,000. This agreement is cancelable upon 60 days written notice prior to the end of the fiscal year and therefore, the City of Biloxi does not have an ongoing financial responsibility.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 15: RELATED PARTY COMMITMENTS (Continued)

Jointly Governed Organization (continued)

Gulfport-Biloxi Regional Airport Authority

The Gulfport-Biloxi Regional Airport Authority was chartered on August 25, 1977, and assumed control of the Airport on October 1, 1977. The Authority is comprised of one appointee each from the local governmental units of the City of Gulfport, the City of Biloxi, and Harrison County. These governmental units have agreed to subsidize the Airport annually. During the past fiscal year, the City of Biloxi provided no subsidy to the Gulfport-Biloxi Regional Airport. The City has no funds budgeted for the 2022-2023 fiscal year. The City of Biloxi has no equity interest in the organization.

NOTE 16: IMPLEMENTATION OF NEW ACCOUNTING STANDARD GASB NO. 87

The implementation of a new accounting standard, GASB 87 – Leases, required the recording of lease receivables, deferred inflow of resources – leases, right to use assets, related amortization of right to use assets, and a lease liability related to leases for the year ended September 30, 2022. The statement of net position beginning net position has been restated to reflect the adjustments related to the implementation of this new standard.

The effects of the restatement on the statements of net positions are as follows:

	As Previously Stated	As Restated	Effect of Restatement Increase (Decrease)
<i>Government-wide</i>			
<i>Governmental Activities</i>			
Statement of Net Position at September 30, 2021:			
Lease receivable	\$ -	\$ 52,610,592	\$ 52,610,592
Deferred inflow of resources related to leases	\$ -	\$ (52,472,296)	\$ (52,472,296)
Right of use asset	\$ -	\$ 571,736	\$ 571,736
Accumulated amortization	\$ -	\$ (223,423)	\$ (223,423)
Lease liability	\$ -	\$ (349,777)	\$ (349,777)
Governmental activities net position*	\$ (230,184,355)	\$ (230,321,187)	\$ (136,832)
<i>Business-type Activities</i>			
Statement of Net Position at September 30, 2021:			
Lease receivable	\$ -	\$ 2,776,618	\$ 2,776,618
Deferred inflow of resources related to leases	\$ -	\$ (2,768,702)	\$ (2,768,702)
Right of use asset	\$ -	\$ 220,581	\$ 220,581
Accumulated amortization	\$ -	\$ (30,930)	\$ (30,930)
Lease liability	\$ -	\$ (189,692)	\$ (189,692)
Deposit - lease	\$ -	\$ (1,690)	\$ (1,690)
Business-type activities net position	\$ (329,286,536)	\$ (329,292,721)	\$ (6,185)

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 16: IMPLEMENTATION OF NEW ACCOUNTING STANDARD GASB NO. 87 (Continued)

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Restatement Increase (Decrease)</u>
<i>General Fund</i>			
Balance Sheet			
at September 30, 2021:			
Lease receivable	\$ -	\$ 50,316,615	\$ 50,316,615
Deferred inflow of resources			
related to leases	\$ -	\$ (50,185,938)	\$ (50,185,938)
Governmental fund balance sheet*	\$ (23,819,644)	\$ (23,950,321)	\$ (130,677)
<i>Community Development Block Grant Fund</i>			
Balance Sheet			
at September 30, 2021:			
Lease receivable	\$ -	\$ 2,293,977	\$ 2,293,977
Deferred inflow of resources			
related to leases	\$ -	\$ (2,286,358)	\$ (2,286,358)
Governmental fund balance sheet	\$ (18,094)	\$ (25,713)	\$ (7,619)
<i>Port Fund</i>			
Balance Sheet			
at September 30, 2021:			
Lease receivable	\$ -	\$ 2,776,618	\$ 2,776,618
Deferred inflow of resources			
related to leases	\$ -	\$ (2,768,702)	\$ (2,768,702)
Deposit - lease	\$ -	\$ (1,690)	\$ (1,690)
Proprietary fund balance sheet*	\$ (34,020,256)	\$ (34,026,482)	\$ (6,226)
<i>Water and Sewer Fund</i>			
Balance Sheet			
at September 30, 2021:			
Right of use asset	\$ -	\$ 220,581	\$ 220,581
Accumulated amortization	\$ -	\$ (30,930)	\$ (30,930)
Lease liability	\$ -	\$ (189,692)	\$ (189,692)
Proprietary fund balance sheet*	\$ (295,108,377)	\$ (295,108,336)	\$ 41

* Previously stated amounts adjusted for prior period adjustments unrelated to GASB 87 implementation – see Note 17 for more information.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 17: PRIOR PERIOD ADJUSTMENT

The following prior period adjustments have been made in order to restate the ending net position for the year ended September 30, 2022.

Government-wide Financial Statements

The following adjustments were made to the prior year financial statements ending balances:

Government-Wide Financial Statements

Governmental Activities

Beginning net position, as previously reported	\$ (218,511,748)
Adjustment to correct accounts payable balances	(11,628,417)
Adjustment for GASB 87 implementation	(136,832)
Adjustment to correct fixed asset and related accumulated depreciation	(44,190)
Beginning net position, as restated	<u><u>\$ (230,321,187)</u></u>

Business-Type Activities

Beginning net position, as previously reported	\$ (328,770,058)
Adjustment to correct fixed asset and related accumulated depreciation	(516,478)
Adjustment for GASB 87 implementation	(6,185)
Beginning net position, as restated	<u><u>\$ (329,292,721)</u></u>

Fund Financial Statements

Governmental Funds

The following adjustments were made to the prior year financial statements ending balances:

Governmental Fund Financial Statements

Beginning net position, as previously reported	\$ (36,418,779)
Adjustment to correct accounts payable balances	(11,628,417)
Adjustment for GASB 87 implementation	(138,296)
Beginning net position, as restated	<u><u>\$ (48,185,492)</u></u>

Proprietary Funds

The following adjustments were made to the prior year financial statements ending balances:

Proprietary Fund Financial Statements

Beginning net position, as previously reported	\$ (328,770,058)
Adjustment to correct fixed asset and related accumulated depreciation	(516,478)
Adjustment for GASB 87 implementation	(6,185)
Beginning net position, as restated	<u><u>\$ (329,292,721)</u></u>

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 18: SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through December 12, 2023, which is the date the financial statements were available to be issued. The following events were identified:

The City purchased three fire trucks and a ladder truck for \$1,725,000 and \$1,068,275, respectively.

The City awarded new construction contracts for \$1,260,632 and \$5,166,819 for Lorraine Road Waterline and Sports Complex Field Improvements, respectively.

The City entered into an agreement for \$5,000,000 for an urban renewal plan and project.

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON
SCHEDULE (NON-GAAP BASIS)
GENERAL FUND**

CITY OF BILOXI, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 12,337,160	\$ 12,337,160	\$ 12,502,985	\$ 165,825
Licenses and permits	3,972,948	3,972,948	4,265,924	292,976
Intergovernmental	36,852,779	36,577,779	42,432,311	5,854,532
Federal and state grants	6,427,057	8,195,748	7,066,305	(1,129,443)
Charges for services	3,022,009	3,022,009	3,061,152	39,143
Fines	455,000	455,000	402,678	(52,322)
Other	6,419,422	6,064,513	7,207,640	1,143,127
Total revenues	69,486,375	70,625,157	76,938,995	6,313,838
EXPENDITURES				
Administration				
Personnel services	2,020,941	2,000,312	1,805,957	194,355
Supplies	48,148	37,795	31,478	6,317
Other services and charges	300,274	329,274	302,688	26,586
Contractual services	1,878,459	3,223,069	3,024,762	198,307
Capital outlay	178,266	176,616	29,493	147,123
Total administrative	4,426,088	5,767,066	5,194,378	572,688
Executive				
Personnel services	487,604	456,306	441,649	14,657
Supplies	223,800	240,021	233,379	6,642
Other services and charges	56,900	41,529	24,902	16,627
Contractual services	71,050	70,200	60,391	9,809
Capital outlay	41,750	77,750	72,893	4,857
Total executive	881,104	885,806	833,214	52,592
Legislative				
Personnel services	548,976	552,308	548,540	3,768
Supplies	11,500	12,940	11,757	1,183
Other services and charges	156,916	155,866	88,966	66,900
Contractual services	500	110	0	110
Capital outlay	-	0	-	-
Total legislative	717,892	721,224	649,263	71,961
Legal				
Personnel services	834,204	857,323	826,138	31,185
Supplies	13,550	9,993	9,992	1
Other services and charges	801,725	999,936	999,454	482
Contractual services	27,955	34,536	34,530	6
Total legal	1,677,434	1,901,788	1,870,114	31,674
Community development				
Personnel services	2,096,785	2,174,299	2,119,950	54,349
Supplies	138,900	138,750	112,411	26,339
Other services and charges	513,993	522,643	502,947	19,696
Contractual services	374,850	412,720	336,138	76,582
Capital outlay	140,600	149,100	69,645	79,455
Total community development	3,265,128	3,397,512	3,141,091	256,421
Parks and recreation				
Personnel services	3,099,794	3,204,803	2,760,779	444,024
Supplies	342,050	367,500	351,148	16,352
Other services and charges	650,922	677,722	674,049	3,673
Contractual services	384,150	349,249	332,040	17,209
Capital outlay	323,500	364,960	335,259	29,701
Total parks and recreation	4,800,416	4,964,234	4,453,275	510,959

See independent auditor's report and notes to required supplementary information.

CITY OF BILOXI, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES, Continued				
Public Safety				
Personnel services	28,785,935	30,164,373	29,296,963	867,410
Supplies	1,596,383	1,905,644	1,638,945	266,699
Other services and charges	1,543,199	1,944,989	1,407,382	537,607
Contractual services	1,593,879	1,641,043	1,370,183	270,860
Capital outlay	4,009,210	6,112,681	3,370,017	2,742,664
Total public safety	<u>37,528,606</u>	<u>41,768,730</u>	<u>37,083,490</u>	<u>4,685,240</u>
Public Works				
Personnel services	5,444,062	5,251,421	4,477,834	773,587
Supplies	511,550	482,488	470,908	11,580
Other services and charges	111,300	361,924	355,963	5,961
Contractual services	4,747,844	4,979,507	5,046,722	(67,215)
Capital outlay	1,119,400	1,170,119	826,275	343,844
Total public works	<u>11,934,156</u>	<u>12,245,459</u>	<u>11,177,702</u>	<u>1,067,757</u>
Nondepartmental				
Interest and principal	7,102	-	7,102	(7,102)
Other services and charges	3,938,731	3,666,878	3,907,318	(240,440)
Contractual services	2,169,584	1,658,984	1,994,835	(335,851)
Capital Outlay	50,353	-	98,273	(98,273)
Total nondepartmental	<u>6,165,770</u>	<u>5,325,862</u>	<u>6,007,528</u>	<u>(681,666)</u>
Total expenditures	<u>71,396,594</u>	<u>76,977,681</u>	<u>70,410,055</u>	<u>6,567,626</u>
Excess (deficiency) of revenues over expenditures	<u>(1,910,219)</u>	<u>(6,352,524)</u>	<u>6,528,940</u>	<u>12,881,464</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	1,728,270	4,258,208	2,529,938	(1,728,270)
Transfers out	(879,699)	(3,187,565)	(7,272,908)	(4,085,343)
Transfers in	200,000	275,895	819,487	543,592
Total other financing sources (uses)	<u>1,048,571</u>	<u>1,346,538</u>	<u>(3,923,483)</u>	<u>(5,270,021)</u>
Net change in fund balance	<u>(861,648)</u>	<u>(5,005,986)</u>	<u>2,605,457</u>	<u>\$ 7,611,443</u>
Fund balance-beginning, budget basis	<u>12,591,591</u>	<u>16,698,149</u>	<u>16,698,149</u>	
Fund balance-ending, budget basis	<u>\$ 11,729,943</u>	<u>\$ 11,692,163</u>	<u>\$ 19,303,606</u>	
Reconciliation to GAAP basis:				
Cumulative difference between GAAP basis fund balance and budget basis at beginning of the year.			6,751,847	
Change in receivables			48,337,023	
Change in prepaid expenses			(405,639)	
Change in accounts payable and accrued liabilities			1,673,355	
Change in deferred revenue			(5,546,185)	
Change in deferred inflow of resources			(47,491,515)	
Fund balance-ending, GAAP basis			<u>\$ 22,622,492</u>	

CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
LAST EIGHT FISCAL YEARS

	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan
	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.44%	0.45%	0.46%	0.46%	0.46%	0.47%	0.43%	0.43%
City's proportionate share of the net pension liability	\$ 90,699,541	\$ 66,209,115	\$ 89,548,564	\$ 80,889,299	\$ 76,682,653	\$ 78,839,106	\$ 77,115,794	\$ 66,314,940
City's covered employee payroll	\$ 30,334,997	\$ 29,779,571	\$ 30,784,850	\$ 29,949,508	\$ 29,443,354	\$ 29,456,560	\$ 27,548,362	\$ 26,671,663
City's proportionate share of the net pension liability as a percentage of covered employee payroll	298.99%	222.33%	290.89%	270.09%	260.44%	267.65%	279.93%	248.63%
Plan fiduciary net position as a percentage of total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditor's report and notes to required supplementary information.

CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
LAST EIGHT FISCAL YEARS

	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,278,287	\$ 5,181,645	\$ 5,356,517	\$ 4,836,800	\$ 4,640,135	\$ 4,639,406	\$ 4,349,855	\$ 4,221,110
Contributions in relation to contractually required contribution	5,278,287	5,181,645	5,356,517	4,836,800	4,640,135	4,639,406	4,349,855	4,221,110
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 30,334,997	\$ 29,779,571	\$ 30,784,850	\$ 29,949,508	\$ 29,443,354	\$ 29,456,560	\$ 27,548,362	\$ 26,671,663
Contributions as a percentage of covered employee payroll	17.40%	17.40%	17.40%	16.15%	15.76%	15.75%	15.79%	15.83%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditor's report and notes to required supplementary information.

CITY OF BILOXI, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2022

NOTE 1: CHANGES IN ASSUMPTIONS

The changes in assumptions for the years presented are as follows:

- 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 males 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 improvement in life expectancy generationally.
 - The expectation of disabled mortality was changed to PubG.H-2010 Disable 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 of MP-2020 will be used to project future improvement in life expectancy generationally.
 - The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% 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, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
 - 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 decreased 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-2018 will be used to project future improvements in life expectancy generationally.
 - The expectation of disabled mortality was changes to PubT.H-2010 Disables Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of males rates at all ages.
 - For females, 115% of female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 3.00% to 2.75%.

CITY OF BILOXI, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2022

NOTE 1: CHANGES IN ASSUMPTIONS (Continued)

- 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%.
- 2017
 - The expectation of retire life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
 - The wage inflation assumption was reduced from 3.75% to 3.25%.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rate 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 6% to 7%.
- 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
 - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

NOTE 2: CHANGES IN BENEFIT PROVISIONS

- 2016
 - Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and maximum rate of five percent.

CITY OF BILOXI, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2022

NOTE 3: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 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	7.75 percent, net of pension plan investment expense, including inflation

CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FIREMAN'S AND POLICEMAN'S DISABILITY AND RELIEF PLAN AND EMPLOYEE'S DISABILITY RELIEF PLAN
LAST EIGHT FISCAL YEARS

	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan
	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
City's proportionate share of the net pension liability	\$ 12,074,670	\$ 11,139,036	\$ 11,447,016	\$ 10,750,494	\$ 11,328,337	\$ 12,795,007	\$ 13,916,120	\$ 14,111,051
City's covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total pension liability	40.15%	46.11%	41.12%	44.74%	44.03%	41.50%	39.26%	41.18%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditor's report and notes to required supplementary information.

CITY OF BILOXI, MISSISSIPPI
 SCHEDULE OF CONTRIBUTIONS
 FIREMAN'S AND POLICEMAN'S DISABILITY AND RELIEF PLAN AND EMPLOYEE'S DISABILITY RELIEF PLAN
 LAST EIGHT FISCAL YEARS

	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,305,216	\$ 1,314,172	\$ 1,082,860	\$ 1,264,102	\$ 1,393,369	\$ 1,332,719	\$ 1,335,494	\$ 1,339,210
Contributions in relation to contractually required contribution	1,305,216	1,314,172	1,082,860	1,264,102	1,393,369	1,332,719	1,335,494	1,339,210
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

See independent auditor's report and notes to required supplementary information.

CITY OF BILOXI, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FIREMAN'S AND POLICEMAN'S DISABILITY AND RELIEF PLAN AND EMPLOYEE'S
DISABILITY RELIEF PLAN
SEPTEMBER 30, 2022

NOTE 1: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2022 were based on the June 30, 2020 actuarial valuation.

The methods and assumptions used to determine contribution rates are as follows;

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	6.25%, net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 4.50%, including inflation
Inflation	2.75%

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

CITY OF BILOXI, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	Special Revenue				
	Community Development Block Grant	Employees' Disability & Relief Fund	Employees' State Unemployment Fund	City Bicentennial Trust Fund	Baseball Capital Maintenance Fund
ASSETS					
Cash and cash equivalents	\$ 39,134	\$ -	\$ 422,806	\$ 33,262	\$ 83,612
Receivable, net					
Taxes	-	18,664	-	-	-
Leases	2,196,990	-	-	-	-
Accrued interest - leases	6,331	-	-	-	-
Other	20,457	-	-	-	-
Total assets	<u>\$ 2,262,912</u>	<u>\$ 18,664</u>	<u>\$ 422,806</u>	<u>\$ 33,262</u>	<u>\$ 83,612</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 29,984	\$ 18,664	\$ -	\$ -	4,933
Total liabilities	<u>29,984</u>	<u>18,664</u>	<u>-</u>	<u>-</u>	<u>4,933</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on lease receivables	<u>2,176,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable					
Lease receivables, net of related deferred inflows of resources	20,377	-	-	-	-
Committed					
Other	35,938	-	422,806	33,262	78,679
Total fund balances	<u>56,315</u>	<u>-</u>	<u>422,806</u>	<u>33,262</u>	<u>78,679</u>
Total liabilities and fund balances	<u>\$ 2,262,912</u>	<u>\$ 18,664</u>	<u>\$ 422,806</u>	<u>\$ 33,262</u>	<u>\$ 83,612</u>

CITY OF BILOXI, MISSISSIPPI
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS, Continued
SEPTEMBER 30, 2022

Capital Projects							
General Obligation Public Improvement							
	2014A Bond Fund	2022 Bond Fund	2017 Bond Fund	2002 TIF Capital Projects Fund	WalMart TIF I & II Projects Fund	2019 GO Capital Project Fund	Total Non-Major Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	13,764,936	\$ 252,649	\$ -	\$ -	\$ -	\$ 14,596,399
Restricted assets:							
Cash and cash equivalents	33,230	-	-	-	-	4,235,297	4,268,527
Receivable, net							
Taxes	-	-	-	-	-	-	18,664
Leases	-	-	-	-	-	-	2,196,990
Accrued interest - leases	-	-	-	-	-	-	6,331
Other	-	-	-	-	-	-	20,457
Total assets	<u>\$ 33,230</u>	<u>\$ 13,764,936</u>	<u>\$ 252,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,235,297</u>	<u>\$ 21,107,368</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,581
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,581</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows on lease receivables	-	-	-	-	-	-	2,176,613
Fund balances:							
Nonspendable							
Lease receivables, net of related deferred inflows of resources	-	-	-	-	-	-	20,377
Restricted							
Capital improvements	33,230	-	-	-	-	4,235,297	4,268,527
Committed							
Capital improvements	-	13,764,936	252,649	-	-	-	14,017,585
Other	-	-	-	-	-	-	570,685
Total fund balances	<u>33,230</u>	<u>13,764,936</u>	<u>252,649</u>	<u>-</u>	<u>-</u>	<u>4,235,297</u>	<u>18,877,174</u>
Total liabilities and fund balances	<u>\$ 33,230</u>	<u>\$ 13,764,936</u>	<u>\$ 252,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,235,297</u>	<u>\$ 21,107,368</u>

See independent auditor's report.

CITY OF BILOXI, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue				
	Community Development Block Grant	Employees' Disability & Relief Fund	Employees' State Unemployment Fund	City Bicentennial Trust Fund	Baseball Capital Maintenance Fund
REVENUES					
Ad valorem taxes	\$ -	\$ 825,235	\$ -	\$ -	\$ -
Property taxes	-	479,981	-	-	-
Charges for services	-	-	-	-	25,000
Lease revenue	109,745	-	-	-	-
Interest income - leases	45,994	-	-	-	-
Miscellaneous - other	39,134	-	3,176	-	-
Total revenues	<u>194,873</u>	<u>1,305,216</u>	<u>3,176</u>	<u>-</u>	<u>25,000</u>
EXPENDITURES					
Current:					
General government	-	421,940	-	-	-
Public safety	-	883,276	-	-	-
Cultural and recreation	-	-	-	-	65,649
Community development	164,271	-	-	-	-
Other expenditure	-	-	1,348	-	-
Total expenditures	<u>164,271</u>	<u>1,305,216</u>	<u>1,348</u>	<u>-</u>	<u>65,649</u>
Excess (deficiency) of revenues over expenditures	<u>30,602</u>	<u>-</u>	<u>1,828</u>	<u>-</u>	<u>(40,649)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	25,000
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	30,602	-	1,828	-	(15,649)
Fund balances - beginning	18,094	-	420,978	33,262	94,328
Prior period adjustments	7,619	-	-	-	-
Fund balances - beginning, as restated	25,713	-	420,978	33,262	94,328
Fund balances - ending	<u>\$ 56,315</u>	<u>\$ -</u>	<u>\$ 422,806</u>	<u>\$ 33,262</u>	<u>\$ 78,679</u>

CITY OF BILOXI, MISSISSIPPI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Capital Projects						
	General Obligation Public Improvement						
	2014A Bond Fund	2022 Bond Fund	2017 Bond Fund	2002 TIF Capital Projects Bond Fund	WalMart TIF I & II Projects Fund	2019 GO Capital Project Fund	Total Non-Major Governmental Funds
REVENUES							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 825,235
Property taxes	-	-	-	-	-	-	479,981
Charges for services	-	-	-	-	-	-	25,000
Lease revenue	-	-	-	-	-	-	109,745
Interest income - leases	-	-	-	-	-	-	45,994
Investment earnings	-	44,483	-	-	-	-	44,483
Miscellaneous - other	(8,041)	-	1,898	-	1	(48,174)	(12,006)
Total revenues	(8,041)	44,483	1,898	-	1	(48,174)	1,518,432
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	421,940
Public safety	-	-	-	-	-	-	883,276
Cultural and recreation	-	-	-	-	-	-	65,649
Community development	-	-	-	-	-	-	164,271
Other Expenditure	-	-	-	-	-	-	1,348
Total expenditures	-	-	-	-	-	-	1,536,484
Excess (deficiency) of revenues over expenditures	(8,041)	44,483	1,898	-	1	(48,174)	(18,052)
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt, net	-	14,000,000	-	-	-	-	14,000,000
Other use	-	(279,547)	-	-	-	-	(279,547)
Transfers in	-	-	-	-	-	-	25,000
Transfers out	(24,411)	-	-	-	(4)	(974,259)	(998,674)
Total other financing sources and uses	(24,411)	13,720,453	-	-	(4)	(974,259)	12,746,779
Net change in fund balances	(32,452)	13,764,936	1,898	-	(3)	(1,022,433)	12,728,727
Fund balances - beginning	65,682	-	250,751	-	3	5,257,730	6,140,828
Prior period adjustments	-	-	-	-	-	-	7,619
Fund balances - beginning, as restated	65,682	-	250,751	-	3	5,257,730	6,148,447
Fund balances - ending	\$ 33,230	\$ 13,764,936	\$ 252,649	\$ -	\$ -	\$ 4,235,297	\$ 18,877,174

See independent auditor's report.

CITY OF BILOXI
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2022

	Liability, Property, and Workers Comp	Employee Medical Claims	Gaming Revenue Interruption	Total Internal Service Funds
ASSETS				
Cash and cash equivalents	\$ 3,116,325	\$ -	\$ 85,674	\$ 3,201,999
Accounts receivables, net	-	400,579	-	400,579
Due from other funds	92,685	-	-	92,685
Total current assets	<u>3,209,010</u>	<u>400,579</u>	<u>85,674</u>	<u>3,695,263</u>
LIABILITIES				
Current liabilities:				
Accounts payable	61,937	10,669	-	72,606
Claims and judgments	2,176,459	1,378,266	-	3,554,725
Total current liabilities	<u>2,238,396</u>	<u>1,388,935</u>	<u>-</u>	<u>3,627,331</u>
Total liabilities	<u>2,238,396</u>	<u>1,388,935</u>	<u>-</u>	<u>7,182,056</u>
NET ASSETS				
Unrestricted	970,614	(988,356)	85,674	67,932
Total net assets	<u>\$ 970,614</u>	<u>\$ (988,356)</u>	<u>\$ 85,674</u>	<u>\$ 67,932</u>

See independent auditor's report

CITY OF BILOXI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Liability, Property and Workers Comp	Employee Medical Claims	Gaming Revenue Interruption	Total Internal Service Funds
REVENUES				
Charges for services, insurance billings	\$ 4,514,417	\$ 6,415,291	\$ -	\$ 10,929,708
Cobra contributions	-	129,072	-	129,072
Total operating revenues	<u>4,514,417</u>	<u>6,544,363</u>	<u>-</u>	<u>11,058,780</u>
OPERATING EXPENSES				
Insurance and reinsurance	3,352,962	728,320	-	4,081,282
Claims expense	1,565,185	8,627,912	-	10,193,097
Total operating expenses	<u>4,918,147</u>	<u>9,356,232</u>	<u>-</u>	<u>14,274,379</u>
Operating income (loss)	<u>(403,730)</u>	<u>(2,811,869)</u>	<u>-</u>	<u>(3,215,599)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	-	-	643	643
Total non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>643</u>	<u>643</u>
Income (loss) before contributions and transfers	(403,730)	(2,811,869)	643	(3,214,956)
Transfers in	2,000,000	4,007,866.00	-	6,007,866
Transfers out	-	-	-	-
Change in net position	1,596,270	1,195,997	643	2,792,910
Total net position - beginning	(625,656)	(2,184,353)	85,031	(2,724,978)
Total net position - ending	<u>\$ 970,614</u>	<u>\$ (988,356)</u>	<u>\$ 85,674</u>	<u>\$ 67,932</u>

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
SEPTEMBER 30, 2022

Position	Surety Company	Bond Amount
Mayor	Cadence Insurance	\$100,000
Councilmember (7)	Cadence Insurance	\$100,000
City Clerk	Cadence Insurance	\$50,000
Deputy Municipal Clerk (2)	Cadence Insurance	\$50,000
Police Chief	Cadence Insurance	\$50,000
Controller	Cadence Insurance	\$50,000
Municipal Court Administrator	Cadence Insurance	\$50,000
Public Employee Blanket	Cadence Insurance	\$1,000,000

See independent auditor's report.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

**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***

December 12, 2023

Honorable Mayor and Members of the
City Council
City of Biloxi
Biloxi, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biloxi, Mississippi as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Biloxi, Mississippi's basic financial statements and have issued our report thereon dated December 12, 2023.

Report on Internal Control Over Financial Reporting

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

To the City Council
City of Biloxi
Biloxi, Mississippi

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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Biloxi, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC

ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

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

December 12, 2023

Honorable Mayor and Members of the
City Council
City of Biloxi
Biloxi, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Biloxi, 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 Biloxi, Mississippi's major federal programs for the year ended September 30, 2022. The City of Biloxi, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Biloxi, Mississippi complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance portion of our report.

We are required to be independent of the City of Biloxi, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Biloxi, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Biloxi, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Biloxi, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Biloxi, Mississippi's compliance with the requirements of each major federal program as a whole.

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Biloxi, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Biloxi, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Biloxi, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-01. Our opinion on the major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the City of Biloxi's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Biloxi's response was not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discuss below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-01, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the City of Biloxi's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Biloxi's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC

ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC

Certified Public Accountants

Gulfport, Mississippi

CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Grantor Federal Agency Passed - Through Agency Program Title	ALN Number	Grant No./ Pass-Through Grantor No.	Federal Expenditures
US DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration			
<i>Passed through the State of Mississippi</i>			
<i>Department of Transportation</i>			
<i>Highway Safety Cluster</i>			
Mississippi Highway Safety	20.600	PT-2021-PT-20-41	\$ 966
<i>Highway Planning and Construction Cluster</i>			
DHP	20.205	DHP-9376-00(009)LPA/106253-8010	206,446
STP	20.205	STPD-9376-00(004)LPA/10484-811000	86,659
STP	20.205	STP-0050-00(056)LPA/108447/711000	13,171
<i>Highway Planning and Construction Cluster Total</i>			<u>306,276</u>
Total US Department of Transportation			<u>307,242</u>
US DEPARTMENT OF JUSTICE			
Bureau of Justice Assistance	16.843	202-RZ-BX-0010	149,900
Total US Department of Justice			<u>149,900</u>
US DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Mississippi Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW11253	17,876,498
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW138	20,318
		PW83	18,165
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW259	43,781
		PW261	136,427
		PW476	22,431
		PW297	15,281
		PW313	74,664
		PW327	22,068
		PW487	22,340
		PW496	4,487
COVID-19 Covid Emergency Protective Measures	97.036	PW199	28,244
		PW220	104,119
		PW365	62,595
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW261	61,758
		PW34	73,161
		PW59	6,487
		PW73	114,610
		PW87	28,641
		PW108	18,594
<i>Passed through Mississippi Department of Public Safety</i>			
Homeland Security: Fire Department SCBA	97.044	EMW-2020-FG-14167	547,000
Homeland Security: EAP	97.044	EMW-2020-FG-14167	10,000
Safer Grant II	97.083	EMW-2017-FH-00605	53,534
Homeland Security: Police Department	97.083	N20LE122B	9,122
Homeland Security: Police Boat	97.083	20HS122T	3,873
Homeland Security: Bomb Squad	97.067	22LE122B	3,292
Homeland Security: Project Safe Neighborhoods	97.067	2019-GP-BX-0061	11,604
Homeland Security: Bomb Squad	97.067	21LE122B	36,790
Total US Department of Homeland Security			<u>19,429,884</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 19,887,026</u></u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. The cost principles are applied based on the period of expenditures.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

The City of Biloxi, Mississippi has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Biloxi, Mississippi under programs of the federal government for the year ended September 30, 2022 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Biloxi, Mississippi.

NOTE 4 – RECONCILIATION OF GRANT REVENUE

The following reconciles the total expenditures of federal awards to grant revenue recognized in the statement of activities for the year ended September 30, 2022:

Governmental Activities	
Public safety - operating grants and contributions	\$ 816,170
Public works - capital grants and contributions	20,394,779
Public works - operating grants and contributions	34,105
Grants not restricted to specific purpose	4,408,958
Total grants and contributions	<u>25,654,012</u>
Less: state grants and other aid	(4,185,767)
Less: other contributions	<u>(1,656,069)</u>
Total federal revenues	19,812,176
Add: amounts reimbursed for overpayment	65,976
Add: recorded more in revenue in prior year than amount received at grant closeout	8,874
Total expenditures of federal awards	<u><u>\$ 19,887,026</u></u>

**CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal Control over financial reporting:	
Material Weaknesses identified?	No
Significant Deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weaknesses identified?	No
Significant Deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Federal programs identified as major programs:

<u>ALN Number</u>	<u>Name of Federal Program</u>
97.036	Disaster Grants – Presidentially Declared Disasters

Dollar threshold used to distinguish between type A and type B Programs	\$750,000
Auditee qualified as low-risk auditee?	No

**CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings

2022-001 – Significant Deficiency

Condition

Audit reports were not prepared and filed timely with the Federal Audit Clearinghouse (FAC) in accordance with Uniform Guidance.

Criteria

Uniform Guidance requires the audit reports to be filed with the FAC within nine months after the year end of the audit period (or by June 30).

Cause

The City did not submit the audit reports to FAC within nine months.

Effect

The City risks losing federal award funding.

Questioned Costs

There are no questioned costs associated with finding.

Context

Issuance of prior year audits were delayed which caused delay in beginning current year audit and additional current year audit procedures related to implementation of new accounting standard GASB 87 – Leases.

Repeat Finding

This is a repeat finding.

Recommendation

We recommend the City continue efforts to improve processes to ensure timely audit preparation and filings.

View of Responsible Officials and Planned Corrective Actions

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

**CORRECTIVE ACTION PLAN
FINANCIAL STATEMENT FINDINGS
SINGLE AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022**

2022-001 – Significant Deficiency Federal Award Finding

Audit reports were not prepared and filed timely with the Federal Audit Clearinghouse (FAC) in accordance with Uniform Guidance.

Management Comments and Corrective Action Plan

- The City strives to comply with governing rules and regulations. The current year audit was delayed due to the late issuance of the prior year audit as well as the implementation of new accounting standard GASB 87 - Leases. The City continues their efforts to improve processes and have a routine audit schedule beginning with fiscal year 2023.

Completion Date: Pending

Name of Contact Person Responsible for Corrective Action Plan: Diana Thornton

**CITY OF BILOXI, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Finding 2021-001 – Material Weakness Financial Statement Finding

Condition: The financial statements were materially misstated at the beginning of the audit period prior to corrections to the prior audit period.

Status: Procedures and processes were evaluated and additional training performed to ensure the financial statements are properly stated.

Finding 2021-002 – Significant Deficiency Federal Award Finding

Condition: Audit reports were not prepared and filed timely with the Federal Audit Clearinghouse (FAC) in accordance with Uniform Guidance.

Status: The prior year audit was delayed due the late issuance of the prior year audit report. The City continues to improve reporting processes and plans to have a routine audit schedule for fiscal year 2023.



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

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

December 12, 2023

Honorable Mayor and Members of the
City Council
City of Biloxi, Mississippi
Biloxi, Mississippi

We have audited the basic financial statements of the City of Biloxi, Mississippi, as of and for the year ended September 30, 2022 and have issued our report dated December 12, 2023. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the basic financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended solely 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.

Alexander, Van Loon, Sloan, Levens & Favre, PLLC
ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi