

**CITY OF BILOXI, MISSISSIPPI**  
**FINANCIAL REPORT**  
**SEPTEMBER 30, 2023**



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SEPTEMBER 30, 2023**

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## **INTRODUCTORY SECTION**

**CITY OF BILOXI, MISSISSIPPI  
LISTING OF CITY OFFICIALS  
SEPTEMBER 30, 2023**

**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



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

## INDEPENDENT AUDITOR'S REPORT

January 7, 2025

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

### Report on the Audit of 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, 2023, 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 and the aggregate remaining fund information of City of Biloxi, Mississippi, as of September 30, 2023, and the respective changes in financial position and cash flows, where applicable, 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* (GAS), 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 17 to the basic financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 96, Subscription-Based Technology Agreements. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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 opinions. 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 and GAS 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 and GAS, 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, 63-64 and 65-72, 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 73-76, and schedule of expenditures of federal awards on page 83 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. The 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 January 7, 2025, 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 solely 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 the effectiveness of 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*

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, 2023**

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, 2023. 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 2023 fiscal year include the following:

- The assets and deferred outflows of the City of Biloxi exceeded its liabilities and deferred inflows at September 30, 2023 by \$582,885,166 (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 decreased by \$1,186,355. The decrease is comprised of current year net position decrease of \$44,051,879 and prior period adjustments decrease of \$1,097,342 for governmental activities and current year net position increase of \$49,746,924 and prior period of adjustments decrease of \$5,784,058 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 \$33,866,973, a decrease of \$23,740,756 in comparison with the prior year. Of this amount, \$17,579,150 was restricted for capital improvements, \$7,587,200 was committed for debt service and other, \$4,917,815 was unassigned and \$3,782,808 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 \$19,286,487, or 26.0% of the total General Fund expenditures.
- The City of Biloxi's total outstanding long-term debt decreased by \$21,510,816, or 19.0%, during the current fiscal year. The City of Biloxi retired \$14,075,000 in general obligation bonds on March 1, 2023, and entered into an equipment installment loan for \$1,725,000 on March 29, 2023, for the purchase of three new fire trucks.

### **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, 2023

**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, 2023

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, 2023**

**Government-Wide Financial Analysis**

**City of Biloxi's Net Position**  
**September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	111,908,857	136,773,334	25,992,571	22,225,462	137,901,428	158,998,796
Capital assets	337,601,092	372,958,933	386,242,310	346,508,249	723,843,402	719,467,182
Total assets	449,509,949	509,732,267	412,234,881	368,733,711	861,744,830	878,465,978
Deferred outflows of resources-pension	20,115,627	10,228,219	1,365,862	693,198	21,481,489	10,921,417
Current and other liabilities	35,019,233	50,567,158	4,234,761	3,832,121	39,253,994	54,399,279
Long-term liabilities	190,036,914	178,231,423	19,493,506	18,950,217	209,530,420	197,181,640
Total liabilities	225,056,147	228,798,581	23,728,267	22,782,338	248,784,414	251,580,919
Deferred inflows of resources-pension	2,385,531	1,992,223	164,201	135,726	2,549,732	2,127,949
Deferred inflows of resources-leases	47,831,565	49,668,128	1,175,442	1,938,878	49,007,007	51,607,006
Total deferred inflows of resources	50,217,096	51,660,351	1,339,643	2,074,604	51,556,739	53,734,955
Net position:						
Net investment in capital assets	252,271,385	268,745,909	373,024,404	332,681,434	625,295,789	601,427,343
Restricted	10,201,503	17,226,431	104,852	181,463	10,306,355	17,407,894
Unrestricted	(68,120,555)	(46,470,786)	15,403,577	11,707,070	(52,716,978)	(34,763,716)
Total net position	194,352,333	239,501,554	388,532,833	344,569,967	582,885,166	584,071,521

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 \$582,885,166.

The City of Biloxi's net position decreased by \$1,186,355 in fiscal year 2023. The decrease is comprised of current year net position increase of \$5.7 million and prior period adjustments decrease of \$6.9 million.

The largest portion of the City of Biloxi's net position, totaling approximately \$625.3 million, or 107.3%, 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, 2023**

**City of Biloxi's Changes in Net Position**  
**September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	9,452,783	9,085,879	18,991,649	18,991,040	28,444,432	28,076,919
Operating grants and contributions	833,556	850,275	-	-	833,556	850,275
Capital grants and contributions	30,237,173	20,394,779	687,986	369,091	30,925,159	20,763,870
<b>General revenues:</b>						
Property taxes	21,749,698	21,287,498	2,493,126	2,199,091	24,242,824	23,486,589
Sales tax	14,925,493	14,734,697	-	-	14,925,493	14,734,697
Gaming taxes	24,261,019	23,821,357	-	-	24,261,019	23,821,357
Franchise and utility taxes	3,363,726	3,066,258	-	-	3,363,726	3,066,258
Other revenue	12,698,588	13,301,890	555,760	608,118	13,254,348	13,910,008
<b>Total revenues</b>	<b>117,522,036</b>	<b>106,542,633</b>	<b>22,728,521</b>	<b>22,167,340</b>	<b>140,250,557</b>	<b>128,709,973</b>
<b>Expenses:</b>						
General government	12,572,419	9,275,238	-	-	12,572,419	9,275,238
Culture and recreation	8,001,517	6,722,866	-	-	8,001,517	6,722,866
Public safety	48,570,995	39,437,836	-	-	48,570,995	39,437,836
Public works	29,078,363	12,822,596	-	-	29,078,363	12,822,596
Community development	5,601,629	5,409,359	-	-	5,601,629	5,409,359
Interest on long-term debt	2,804,358	2,861,712	-	-	2,804,358	2,861,712
Water and sewer	-	-	22,683,874	17,712,906	22,683,874	17,712,906
Biloxi Port fund	-	-	4,892,802	4,001,981	4,892,802	4,001,981
<b>Total expenses</b>	<b>106,629,281</b>	<b>76,529,607</b>	<b>27,576,676</b>	<b>21,714,887</b>	<b>134,205,957</b>	<b>98,244,494</b>
<b>Increase(Decrease) in net position</b>						
before transfers	10,892,755	30,013,026	(4,848,155)	452,453	6,044,600	30,465,479
Transfers	(54,944,634)	(20,832,659)	54,595,079	14,824,793	(349,555)	(6,007,866)
<b>Changes in net position</b>	<b>(44,051,879)</b>	<b>9,180,367</b>	<b>49,746,924</b>	<b>15,277,246</b>	<b>5,695,045</b>	<b>24,457,613</b>
Net position, beginning of year	239,501,554	218,511,748	344,569,967	328,770,058	584,071,521	547,281,806
Prior period adjustment	(1,097,342)	11,809,439	(5,784,058)	522,663	(6,881,400)	12,332,102
Net position, beginning as restated	238,404,212	230,321,187	338,785,909	329,292,721	577,190,121	559,613,908
<b>Net position, end of year</b>	<b>194,352,333</b>	<b>239,501,554</b>	<b>388,532,833</b>	<b>344,569,967</b>	<b>582,885,166</b>	<b>584,071,521</b>

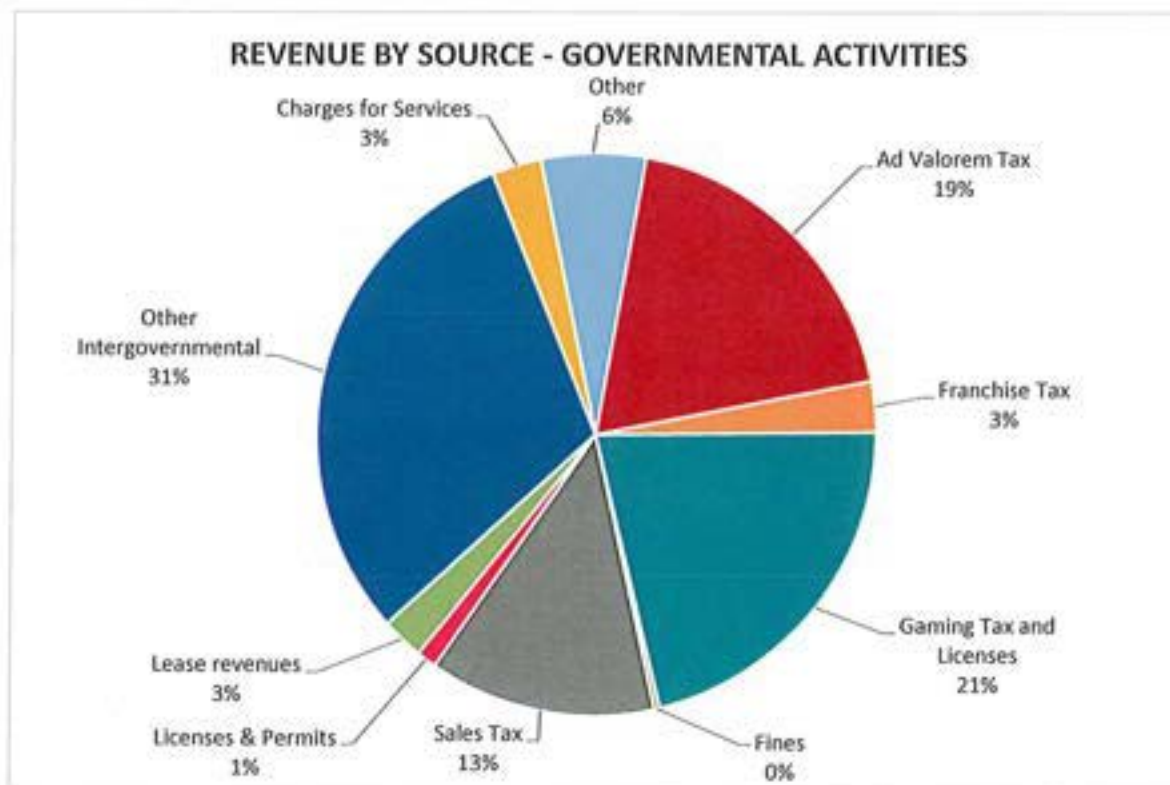
**Government activities**

The ending net position for the prior fiscal year was reduced by \$1,097,342 and net position for the current year for governmental activities decreased by \$44,051,879 for an ending balance of \$194,352,333. Some key highlights from the statement of activities during 2023 include the following items:

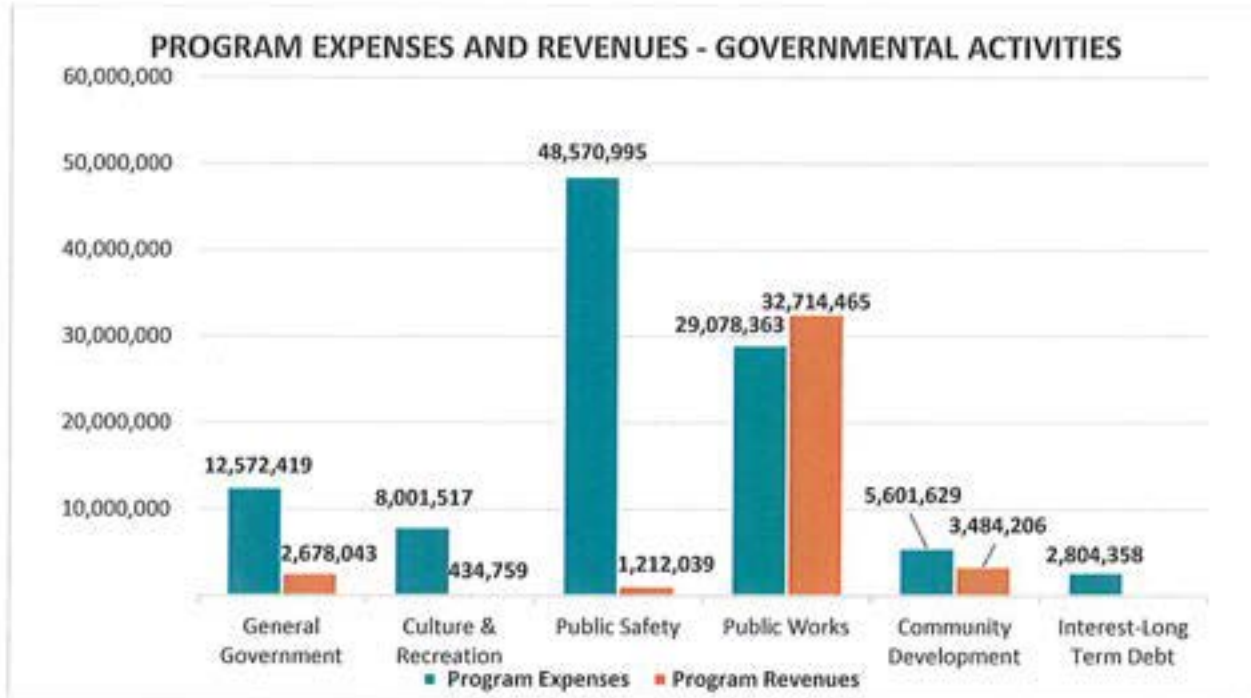
- Property, gaming and sales taxes increased by \$462,200, \$439,662 and \$190,796, respectively
- Capital grants and contributions revenues increased by \$9,842,394
- Construction in progress expensed in fiscal year 2023, \$13,297,994 (included in public works expenses)
- Employee retirement contribution adjustment, net expense, \$7,012,242

**CITY OF BILOXI, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**September 30, 2023**

- Sworn officer pay increase, effective October 1, 2022, \$3,423,849
- Increase in property and general liability insurances, \$836,036
- Prior period adjustments were made in order to restate the ending net position for the fiscal year ended September 30, 2022. The restatement resulted in a \$1,097,342 decrease in net position related to the implementation of GASB 96 – Subscription-based Information Technology Arrangements and the correction of prior period balances for depreciation. Additional information on the prior period adjustments can be found in Notes 17 and 18 on pages 61-62 of this report.



**CITY OF BILOXI, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**September 30, 2023**



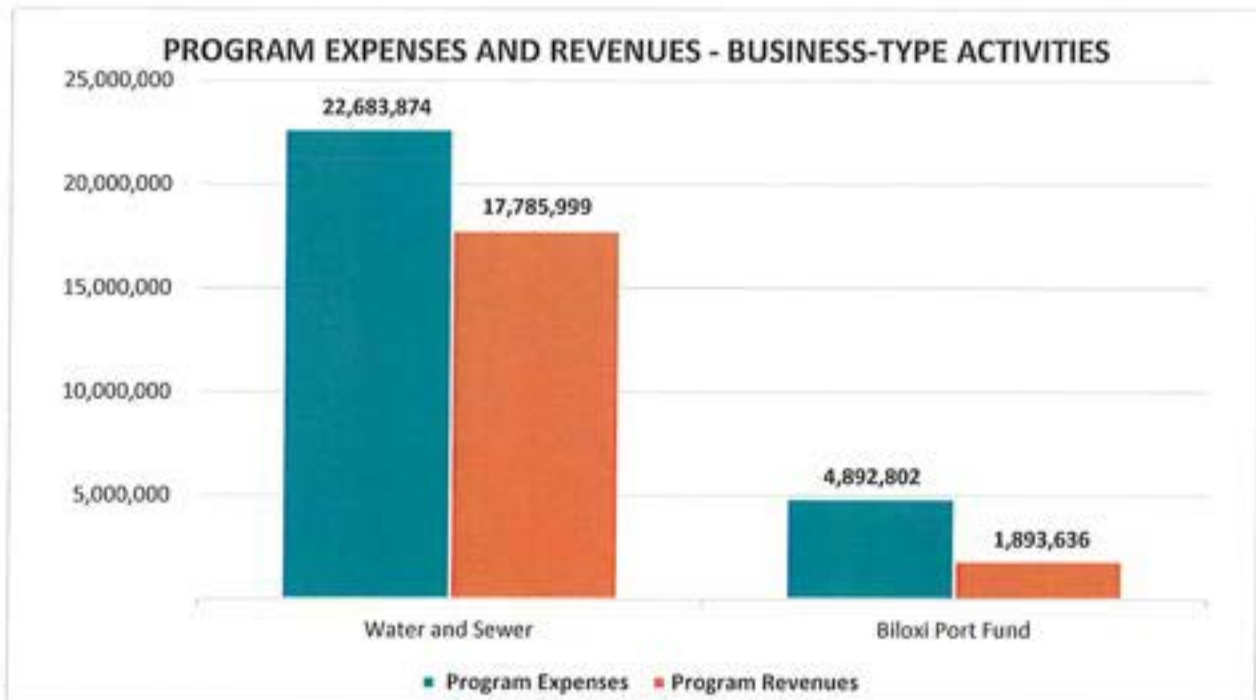
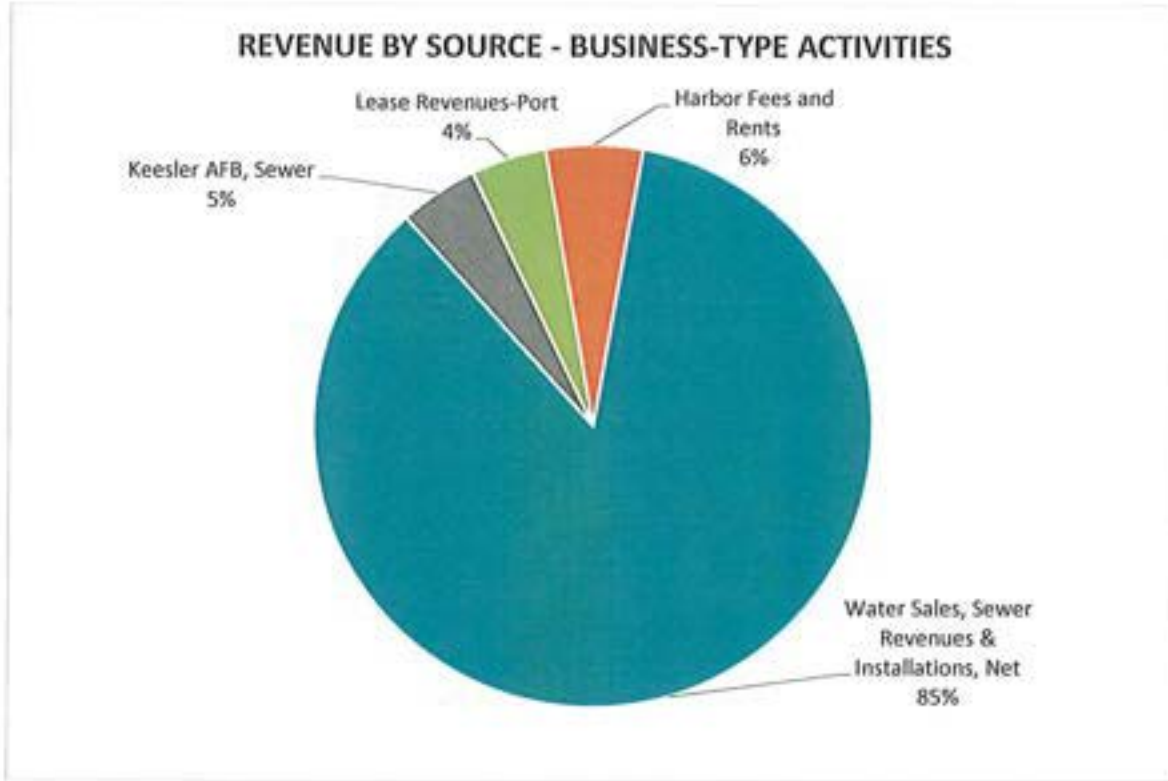
**Business-type Activities**

The ending net position for business-type activities for the prior fiscal year was reduced by \$5,784,058 and net position for the current fiscal year increased by \$49,746,924 for an ending balance of \$388,532,833. Some key highlights from the statement of activities during 2023 include the following items:

- One percent Harrison County Ad Valorem tax increased by \$294,035
- Capital grants and contributions revenues increased by \$318,895
- Depreciation expense increased by \$2,405,746
- Repairs and maintenance increased by \$686,173; sewerage increased by \$299,244; other contractual services for outsourced jobs/labor increased by \$329,463; chemicals increased by \$157,666; and insurance/admin fees increased by \$455,439
- Prior period adjustments were made in order to restate the ending net position for the fiscal year ended September 30, 2022. The restatement resulted in a \$5.8 million decrease in net position related to the implementation of GASB 96 – Subscription-based Information Technology Arrangements and the correction of prior period balances for depreciation. Additional information on the prior period adjustments can be found in Notes 17 and 18 on pages 61-62 of this report.



**CITY OF BILOXI, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**September 30, 2023**



**CITY OF BILOXI, MISSISSIPPI**  
Management's Discussion and Analysis  
September 30, 2023

**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 \$33.9 million, a decrease of \$23.7 million in comparison with the prior fiscal year. Of the \$33.9 million ending fund balance, \$4,917,815, or 14.5% 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	\$ 3,782,808
Restricted	17,579,150
Committed	7,587,200

- 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 \$19.3 million. The total unassigned is available for spending at the City Council's discretion. The fund has a balance of \$24,418,832 at the end of the current fiscal year, up \$1,796,340 to the prior fiscal year.
- The General Capital Projects Fund has a total fund balance of (\$14.4) 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 \$5.4 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 13, 2022. For the year ended September 30, 2023, material amendments made to increase the General Fund budgeted revenues and expenditures are as follows:

- Revenues were amended upward by \$686,123 for new grants.
- Salaries/Wages were amended upward by \$1,101,111 for across the board pay

**CITY OF BILOXI, MISSISSIPPI**  
**Management's Discussion and Analysis**  
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increases, effective January 1, 2023.

- Other Services and Charges were amended upward by \$1,246,000 primarily due to increase in insurance premiums, \$750,000; timing of audit fees payment, \$50,000; BNews, \$46,000; Save Our Sound Coalition, \$250,000; and W. Biloxi Library repairs, \$150,000.
- Contractual Services were amended upward by \$50,000 due to HowHop District Project, \$50,000.
- Capital outlay line items were amended upward by \$384,126 mainly due to grant expenditures, \$75,579; vehicles, \$245,461; and fencing, \$63,086.

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

- Salaries/Wages expenditures were lower than budget by \$2,109,379, mainly due to vacant positions in public safety and public works.
- Capital expenditures were lower than budget by \$2,982,115 due to supply issues, delayed receipt of merchandise and lead time of made to order equipment.

**Capital Assets and Debt Administration**

Capital Assets: The City of Biloxi's investment in capital assets as of September 30, 2023, amounts to \$723.8 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	
	2023	2022	2023	2022	2023	2022
Land	46,533,125	46,343,692	718,161	713,161	47,251,286	47,056,853
Buildings	99,155,619	102,556,320	-	-	99,155,619	102,556,320
Improvements other than buildings	21,395,845	20,452,386	-	-	21,395,845	20,452,386
Machinery and equipment	13,068,906	11,821,979	1,571,485	1,661,083	14,640,391	13,483,062
Infrastructure - streets and drainage	116,624,390	116,462,105	-	-	116,624,390	116,462,105
Right of use assets-leases	645,339	505,357	51,627	118,026	696,966	623,383
Right of use assets-subscriptions	2,385,550	2,703,263	305,884	366,956	2,691,434	3,070,219
Water and sewer system	-	-	308,781,838	92,701,349	308,781,838	92,701,349
Port building and improvements	-	-	24,113,059	25,950,727	24,113,059	25,950,727
Construction in progress	37,792,318	73,581,248	50,700,256	219,596,903	88,492,574	293,178,151
<b>Total capital assets</b>	<b>337,601,092</b>	<b>374,426,350</b>	<b>386,242,310</b>	<b>341,108,205</b>	<b>723,843,402</b>	<b>715,534,555</b>

**CITY OF BILOXI, MISSISSIPPI**  
**Management's Discussion and Analysis**  
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Major capital asset events during the current fiscal year include the following:

- Katrina Infrastructure Project
- Popp's Ferry Extension
- Keesler AFB Gate (Outside)
- Point Cadet Marina Improvements
- Main Street Crossing Upgrade
- Lorraine Road Waterline
- Sand Beach Renourishment
- Shriners Boulevard Water Sewer Extension
- Popp's Ferry Recreational Complex Restrooms
- Sports Complex Field Improvement

Additional information on the City of Biloxi's capital assets can be found in Note 5 on pages 40-41 of this report.

Long-term Debt: At the end of the current fiscal year, the City of Biloxi had total debt outstanding of \$91.9 million. Of this amount, \$67.9 million comprises debt backed by the full faith and credit of the City of Biloxi. The following table summarizes debt outstanding at September 30, 2023 and 2022.

**City of Biloxi's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	53,992,000	72,608,000	-	-	53,992,000	72,608,000
Tax increment bonds	13,940,694	16,105,730	-	-	13,940,694	16,105,730
Capital lease payable	7,806,148	7,381,220	-	43,218	7,806,148	7,424,438
Lease payable	655,068	509,195	51,754	118,163	706,822	627,358
Subscription payable	2,260,106	2,564,759	342,009	384,014	2,602,115	2,948,773
Water/sewer notes payable	-	-	6,434,036	6,911,121	6,434,036	6,911,121
Limited tax port bonds	-	-	5,790,000	6,100,000	5,790,000	6,100,000
Drinking water loan	-	-	597,102	654,313	597,102	654,313
	<u>78,654,016</u>	<u>99,168,904</u>	<u>13,214,901</u>	<u>14,210,829</u>	<u>91,868,917</u>	<u>113,379,733</u>

The City of Biloxi's total debt decreased by \$21.5 million during the current fiscal year mainly due to the retirement of \$14,075,000 in general obligation bonds.

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 \$83.8 million.

Additional information on the City of Biloxi's long-term debt can be found in Note 9 on pages 44-47 of this report.

**CITY OF BILOXI, MISSISSIPPI**  
**Management's Discussion and Analysis**  
**September 30, 2023**

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors were considered when the budget for fiscal year 2024 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
- Attract and maintain employees

For fiscal year 2024, the City expects ad valorem tax dollars to increase 1.7% due to development and improvements. 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](mailto:accounting@biloxi.ms.us).

**FINANCIAL SECTION**

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**CITY OF BILOXI, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,225,846	\$ 13,342,267	\$ 30,568,113
Receivables, net	2,499,911	1,821,470	4,321,381
Lease receivables, current	2,453,611	631,331	3,084,942
Due from other governmental agencies	12,714,602	7,434,953	20,149,555
Due from other funds	73,471	-	73,471
Prepaid expenses	3,047,351	30,000	3,077,351
Restricted assets:			
Cash and cash equivalents	27,780,653	2,172,443	29,953,096
Lease receivables, noncurrent	46,113,412	560,107	46,673,519
Capital assets			
Nondepreciable assets	84,325,443	51,418,417	135,743,860
Right of use assets, net of amortization	3,030,889	357,511	3,388,400
Depreciable assets, net of depreciation	250,244,760	334,466,382	584,711,142
Total capital assets	<u>337,601,092</u>	<u>386,242,310</u>	<u>723,843,402</u>
Total assets	<u>449,509,949</u>	<u>412,234,881</u>	<u>861,744,830</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pension liability	<u>20,115,627</u>	<u>1,365,862</u>	<u>21,481,489</u>
<b>LIABILITIES</b>			
Accounts payable	6,713,951	776,572	7,490,523
Due to other funds	-	73,471	73,471
Retainage payable	2,501,721	-	2,501,721
Claims payable	3,699,668	-	3,699,668
Unearned revenues	10,244,971	200,113	10,445,084
Payable from restricted assets:			
Accounts payable	-	25,621	25,621
Customer deposits	-	2,051,580	2,051,580
Long-term liabilities:			
Due within one year			
Bonds, notes payable, and installment loans	8,656,125	868,837	9,524,962
Lease liabilities	233,889	48,309	282,198
Subscription liabilities	533,959	51,722	585,681
Accrued interest	24,607	3,005	27,612
Compensated absences	2,410,342	135,531	2,545,873
Due in more than one year			
Bonds, notes payable, and installment loans	67,082,717	11,952,301	79,035,018
Lease liabilities	421,179	3,445	424,624
Subscription liabilities	1,726,147	290,287	2,016,434
Proportionate share of collective net pension liability	113,575,844	6,840,887	120,416,731
Compensated absences	7,231,027	406,586	7,637,613
Total liabilities	<u>225,056,147</u>	<u>23,728,267</u>	<u>248,784,414</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on lease receivables	47,831,565	1,175,442	49,007,007
Deferred inflows on pension liability	2,385,531	164,201	2,549,732
	<u>50,217,096</u>	<u>1,339,643</u>	<u>51,556,739</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	252,271,385	373,024,404	625,295,789
Restricted for:			
Debt Service	-	104,852	104,852
Capital improvements	10,201,503	-	10,201,503
Unrestricted	<u>(68,120,555)</u>	<u>15,403,577</u>	<u>(52,716,978)</u>
Total net position	<u>\$ 194,352,333</u>	<u>\$ 388,532,833</u>	<u>\$ 582,885,166</u>

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

**CITY OF BILOXI, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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
<b>Governmental activities</b>							
General government	\$ 12,572,419	\$ 2,678,043	\$ -	\$ -	\$ (9,894,376)	\$ -	\$ (9,894,376)
Culture and recreation	8,001,517	434,759	-	-	(7,566,758)	-	(7,566,758)
Public safety	48,570,995	512,268	377,326	322,445	(47,358,956)	-	(47,358,956)
Public works	29,078,363	2,764,957	34,780	29,914,728	3,636,102	-	3,636,102
Community development	5,601,629	3,062,756	421,450	-	(2,117,423)	-	(2,117,423)
Interest on long-term debt	2,804,358	-	-	-	(2,804,358)	-	(2,804,358)
Total governmental activities	106,629,281	9,452,783	833,556	30,237,173	(66,105,769)	-	(66,105,769)
<b>Business-type activities</b>							
Water and Sewer	22,683,874	17,098,013	-	687,986		(4,897,875)	(4,897,875)
Biloxi Port Fund	4,892,802	1,893,636	-	-		(2,999,166)	(2,999,166)
Total business-type activities	27,576,676	18,991,649	-	687,986		(7,897,041)	(7,897,041)
Total primary government	\$ 134,205,957	\$ 28,444,432	\$ 833,556	\$ 30,925,159	(66,105,769)	(7,897,041)	(74,002,810)
<b>General revenues:</b>							
Property taxes, levied for general purposes					21,749,698	2,493,126	24,242,824
Sales taxes					14,925,493	-	14,925,493
Gaming taxes					24,261,019	-	24,261,019
Franchise and utility taxes					3,363,726	-	3,363,726
Other taxes					4,310,580	-	4,310,580
Grants and contributions not restricted to specific programs					1,455,747	-	1,455,747
Interest earnings					1,599,196	609,319	2,208,515
Interest earnings - leases					863,811	13,453	877,264
Miscellaneous					3,257,097	45,912	3,303,009
Donated assets					1,787,327	-	1,787,327
Sale of assets					(575,170)	(112,924)	(688,094)
Transfers					(54,944,634)	54,595,079	(349,555)
Total general revenues and transfers					22,053,890	57,643,965	79,697,855
Change in net position					(44,051,879)	49,746,924	5,695,045
Net position - beginning, as previously stated					239,501,554	344,569,967	584,071,521
Prior period adjustments					(1,097,342)	(5,784,058)	(6,881,400)
Net position - beginning, as restated					238,404,212	338,785,909	577,190,121
Net position - ending					\$ 194,352,333	\$ 388,532,833	\$ 582,885,166

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, 2023**

	General Fund	General Capital Projects Fund	Debt Service Fund	Other Non- Major Government Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,117,209	\$ 42,125	\$ 4,371,222	\$ 748,919	\$ 14,279,475
Restricted Assets:					
Cash and cash equivalents	10,163,372	38,131	-	17,579,150	27,780,653
Receivables, net					
Taxes	7,388,111	-	42,542	8,385	7,439,038
Lease	46,468,697	-	-	2,098,325	48,567,022
Accrued interest - leases	143,812	-	-	6,047	149,859
Customer accounts, net	158,903	-	-	-	158,903
Other	729,925	-	-	20,457	750,382
Due from other governments	118,889	4,998,737	1,076,083	-	6,193,709
Due from other City funds	8,546,205	-	-	-	8,546,205
Prepaid expenses	3,047,351	-	-	-	3,047,351
Total assets	<u>\$ 85,882,474</u>	<u>\$ 5,078,993</u>	<u>\$ 5,489,847</u>	<u>\$ 20,461,283</u>	<u>\$ 116,912,597</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,907,213	\$ 6,614,024	\$ 43,418	\$ 24,031	\$ 11,588,686
Due to other funds	494,427	8,546,205	-	-	9,040,632
Unearned revenue	10,297,305	4,287,436	-	-	14,584,741
Total liabilities	<u>15,698,945</u>	<u>19,447,665</u>	<u>43,418</u>	<u>24,031</u>	<u>35,214,059</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows on lease receivables	45,764,697	-	-	2,066,868	47,831,565
Fund balances:					
Nonspendable					
Prepays	3,047,351	-	-	-	3,047,351
Lease receivables, net of related deferred inflows of resources	704,000	-	-	31,457	735,457
Restricted					
Capital Improvements	-	-	-	17,579,150	17,579,150
Committed					
Debt service	-	-	5,446,429	-	5,446,429
Other	1,380,994	-	-	759,777	2,140,771
Unassigned					
Total fund balances	<u>24,418,832</u>	<u>(14,368,672)</u>	<u>5,446,429</u>	<u>18,370,384</u>	<u>33,866,973</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 85,882,474</u>	<u>\$ 5,078,993</u>	<u>\$ 5,489,847</u>	<u>\$ 20,461,283</u>	<u>\$ 116,912,597</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, 2023**

Total fund balance, governmental funds	\$ 33,866,973
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.	337,564,032
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the funds.	306,783
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.	22,635
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(7,231,027)
Notes, bonds, and installment loans	(75,738,842)
Lease liabilities	(656,235)
Subscription liabilities	(2,283,546)
Unavailable revenues that provide current financial resources for governmental activities.	4,347,308
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.	(95,845,748)
Net Position of Governmental Activities in the Statement of Net Position (Exhibit A)	<u>\$ 194,352,333</u>

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, 2023**

	General Fund	General Capital Projects Fund	Debt Service Fund	Other Non- Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Ad valorem taxes	\$ 8,929,658	\$ -	\$ 7,331,942	\$ 775,407	\$ 17,037,007
Property taxes	4,350,466	-	-	362,225	4,712,691
Franchise taxes	3,299,737	-	-	-	3,299,737
Licenses and permits	1,326,251	-	-	-	1,326,251
Fees and fines	352,698	-	-	-	352,698
Intergovernmental	45,461,146	26,465,819	1,599,631	421,450	73,948,046
Charges for services	3,175,743	-	-	25,000	3,200,743
Lease revenues	2,672,432	-	-	109,745	2,782,177
Interest Income - leases	826,109	-	-	37,702	863,811
Investment earnings	775,819	2,537	196,963	619,681	1,595,000
Miscellaneous - other	4,278,164	27,289	-	127,095	4,432,548
<b>Total revenues</b>	<b>75,448,223</b>	<b>26,495,645</b>	<b>9,128,536</b>	<b>2,478,305</b>	<b>113,550,709</b>
<b>EXPENDITURES</b>					
Current:					
General government	8,426,439	-	-	161,996	8,588,435
Public safety	40,340,919	-	-	893,092	41,234,011
Public works	9,774,883	-	-	-	9,774,883
Parks and recreation	5,038,998	-	-	68,635	5,107,633
Community development	4,684,516	-	-	602,113	5,286,629
Engineering	1,343,545	-	-	-	1,343,545
Non-departmental	4,004,556	-	-	-	4,004,556
Other expenditure	-	-	-	2,519	2,519
Capital outlay					
Public works	-	10,946,256	-	-	10,946,256
Debt service:					
Principal retirement	384,190	-	20,781,036	-	21,165,226
Interest and agent fees	80,097	-	2,581,227	-	2,661,324
<b>Total expenditures</b>	<b>74,078,143</b>	<b>10,946,256</b>	<b>23,362,263</b>	<b>1,728,355</b>	<b>110,115,017</b>
<b>Excess of revenues over expenditures</b>	<b>1,370,080</b>	<b>15,549,389</b>	<b>(14,233,727)</b>	<b>749,950</b>	<b>3,435,692</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital leases	1,725,000	-	-	-	1,725,000
Proceeds from sale of assets	522,973	-	-	-	522,973
Capital contribution - proprietary funds	(42,517)	-	-	-	(42,517)
Transfers in	418,285	2,117,808	99,143	50,000	2,685,236
Transfers out	(2,197,481)	(28,562,919)	-	(1,306,740)	(32,067,140)
<b>Total other financing sources (uses)</b>	<b>426,260</b>	<b>(26,445,111)</b>	<b>99,143</b>	<b>(1,256,740)</b>	<b>(27,176,448)</b>
<b>Net change in fund balances</b>	<b>1,796,340</b>	<b>(10,895,722)</b>	<b>(14,134,584)</b>	<b>(506,790)</b>	<b>(23,740,756)</b>
Fund balances - beginning	22,622,492	(3,472,950)	19,581,013	18,877,174	57,607,729
<b>Fund balances - ending</b>	<b>\$ 24,418,832</b>	<b>\$ (14,368,672)</b>	<b>\$ 5,446,429</b>	<b>\$ 18,370,384</b>	<b>\$ 33,866,973</b>

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, 2023**

Net change in fund balances - total governmental funds:	\$ (23,740,756)
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 of capital outlay (\$564,245) and depreciation and amortization (\$11,730,793) in the current period.	(12,295,034)
Governmental funds do not report capital assets on the balance sheet, therefore when a capital asset is transferred to or from an enterprise fund it is reflected as revenue or expense.	(25,520,214)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(1,098,143)
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.	(45,297)
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.	4,555,074
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 (\$22,725,267) exceed proceeds (\$1,725,000).	21,000,267
Pension expense recorded in the Statement of Activities does not require the use of current financial resources.	(7,012,242)
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.	104,466
Change in net position of governmental activities (Exhibit B)	<u>\$ (44,051,879)</u>

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, 2023**

	Proprietary Funds-Business-type Activities			Governmental
	Major Funds			Activities
	Water and Sewer	Biloxi Port Fund	Total Enterprise Funds	Internal Service Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,720,363	\$ 6,621,904	\$ 13,342,267	\$ 2,946,371
Accounts receivable, net				
Customer accounts	1,807,366	13,334	1,820,700	215,839
Lease receivables	-	631,331	631,331	-
Accrued interest - leases	-	770	770	-
Due from other City funds	-	-	-	567,898
Due from other governments	7,434,953	-	7,434,953	-
Prepaid expenses	30,000	-	30,000	-
Total current assets	<u>15,992,682</u>	<u>7,267,339</u>	<u>23,260,021</u>	<u>3,730,108</u>
Non-current assets:				
Lease receivables, noncurrent	-	560,107	560,107	-
Restricted Assets:				
Cash and cash equivalents	2,055,395	117,048	2,172,443	-
Capital Assets:				
Land and construction in progress	47,213,378	4,205,039	51,418,417	-
Right of use assets, net of amortization	357,511	-	357,511	-
Depreciable assets, net of accumulated depreciation	310,293,455	24,172,927	334,466,382	-
Total non-current assets	<u>359,919,739</u>	<u>29,055,121</u>	<u>388,974,860</u>	<u>-</u>
<b>Deferred outflows of resources</b>				
Deferred outflows on pension liability	854,385	511,477	1,365,862	-
Total assets	<u>\$ 376,766,806</u>	<u>\$ 36,833,937</u>	<u>\$ 413,600,743</u>	<u>\$ 3,730,108</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 735,158	\$ 41,414	\$ 776,572	\$ -
Due to other City funds	53,555	19,916	73,471	-
Compensated absences	82,477	53,054	135,531	-
Accrued interest payable	3,005	-	3,005	-
Unearned revenue	71,478	128,635	200,113	7,805.00
Lease liability	48,309	-	48,309	-
Subscription liability	51,722	-	51,722	-
Claims and judgments	-	-	-	3,699,668
Bonds, installment loans, and notes payable	543,837	325,000	868,837	-
Payable from restricted assets:				
Accounts payable	25,621	-	25,621	-
Customer deposits payable from restricted assets	1,924,922	126,658	2,051,580	-
Total current liabilities	<u>3,540,084</u>	<u>694,677</u>	<u>4,234,761</u>	<u>3,707,473</u>
Non-current liabilities:				
Compensated absences	247,430	159,156	406,586	-
Net pension obligation	4,143,760	2,697,127	6,840,887	-
Lease liability	3,445	-	3,445	-
Subscription liability	290,287	-	290,287	-
Bonds, capital leases, and notes payable, non-current	6,487,301	5,465,000	11,952,301	-
Total non-current liabilities	<u>11,172,223</u>	<u>8,321,283</u>	<u>19,493,506</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Deferred inflows on lease receivables	-	1,175,442	1,175,442	-
Deferred inflows on pension liability	102,941	61,260	164,201	-
Total liabilities	<u>102,941</u>	<u>1,236,702</u>	<u>1,339,643</u>	<u>-</u>
Total liabilities	<u>14,815,248</u>	<u>10,252,662</u>	<u>25,067,910</u>	<u>3,707,473</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	350,436,438	22,587,966	373,024,404	-
Restricted for other purposes	104,852	-	104,852	-
Unrestricted	11,410,268	3,993,309	15,403,577	22,635
Total net position	<u>\$ 261,951,558</u>	<u>\$ 26,581,275</u>	<u>\$ 388,532,833</u>	<u>\$ 22,635</u>

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, 2023**

	<u>Proprietary Funds-Business-type Activities</u>			<u>Governmental</u>
	<u>Major Funds</u>		<u>Total</u>	<u>Internal Service</u>
	<u>Water and</u>	<u>Biloxi Port</u>		<u>Funds</u>
	<u>Sewer</u>	<u>Fund</u>	<u>Enterprise</u>	
<b>REVENUES</b>				
Charges for services				
Water sales, sewer revenues & installations, net	\$ 16,234,108	\$ -	\$ 16,234,108	\$ -
Keesler Air Force Base, sewer	863,905	-	863,905	-
Lease revenues	-	829,752	829,752	-
Harbor fees and rents	-	1,063,884	1,063,884	-
Insurance billings	-	-	-	14,087,083
Total charges for services	17,098,013	1,893,636	18,991,649	14,087,083
Cobra contributions	-	-	-	148,549
Total operating revenues	17,098,013	1,893,636	18,991,649	14,235,632
<b>OPERATING EXPENSES</b>				
Personnel services	2,334,073	1,547,292	3,881,365	-
Contractual services	12,295,913	452,362	12,748,275	-
Other services, charges, supplies and expenses	1,783,730	290,024	2,073,754	-
Insurance and reinsurance	-	-	-	5,344,138
Claims expense	-	-	-	9,290,542
Depreciation and amortization expense	6,133,306	2,393,180	8,526,486	-
Total operating expenses	22,547,022	4,682,858	27,229,880	14,634,680
Operating Income	(5,449,009)	(2,789,222)	(8,238,231)	(399,048)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain (loss) on sale of asset	15,400	(128,324)	(112,924)	-
Interest and investment revenue	267,147	342,172	609,319	4,196
Interest income - leases	-	13,453	13,453	-
Intergovernmental tax revenues	-	2,493,126	2,493,126	-
Miscellaneous revenue	15,552	30,359	45,911	-
Interest expense	(136,852)	(209,944)	(346,796)	-
Total non-operating revenue (expenses)	161,247	2,540,842	2,702,089	4,196
<b>INCOME (LOSS) BEFORE TRANSFERS AND SPECIAL ITEM</b>	(5,287,762)	(248,380)	(5,536,142)	(394,852)
Capital contribution - governmental funds	25,707,215	543,502	26,250,717	-
Transfers in	32,389,510	3,669,821	36,059,331	349,555
Transfers out	(755,375)	(6,271,607)	(7,026,982)	-
<b>CHANGE IN NET POSITION</b>	52,053,588	(2,306,664)	49,746,924	(45,297)
<b>TOTAL NET POSITION - BEGINNING, as previously stated</b>	311,070,740	33,499,227	344,569,967	67,932
<b>PRIOR PERIOD ADJUSTMENTS</b>	(1,172,770)	(4,611,288)	(5,784,058)	-
<b>TOTAL NET POSITION - BEGINNING, as restated</b>	309,897,970	28,887,939	338,785,909	67,932
<b>TOTAL NET POSITION - ENDING</b>	\$ 361,951,558	\$ 26,581,275	\$ 388,532,833	\$ 22,635

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, 2023**

	<u>Proprietary Funds-Business-type Activities</u>			<u>Governmental</u>
	<u>Major Funds</u>			<u>Activities</u>
	<u>Water and Sewer</u>	<u>Biloxi Port</u>	<u>Total</u>	<u>Internal Service</u>
		<u>Fund</u>		<u>Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 12,494,363	\$ 1,954,756	\$ 14,449,119	\$ 13,952,964
Payments to suppliers	(13,878,475)	(731,097)	(14,609,572)	(14,562,343)
Payments to employees	(2,009,207)	(1,341,710)	(3,350,917)	-
Net cash used in operating activities	<u>(3,393,319)</u>	<u>(118,051)</u>	<u>(3,511,370)</u>	<u>(609,379)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental taxes	-	2,493,126	2,493,126	-
Transfers (to) from other funds	2,300,409	1,755,227	4,055,636	349,555
Net cash provided by noncapital financing activities	<u>2,300,409</u>	<u>4,248,353</u>	<u>6,548,762</u>	<u>349,555</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases and construction of capital assets	(24,198,352)	(3,390,261)	(27,588,613)	-
Proceeds from sale of capital assets	15,400	-	15,400	-
Proceeds from capital grants	25,707,215	-	25,707,215	-
Principal paid on capital debt	(577,514)	(310,000)	(887,514)	-
Interest paid on capital debt	(136,852)	(209,944)	(346,796)	-
Net cash provided by (used in) capital and related financing activities	<u>809,897</u>	<u>(3,910,205)</u>	<u>(3,100,308)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	267,147	355,625	622,772	4,196
Net cash provided by investing activities	<u>267,147</u>	<u>355,625</u>	<u>622,772</u>	<u>4,196</u>
Net increase (decrease) in cash and cash equivalents	(15,866)	575,722	559,856	(255,628)
Balances-beginning of the year	8,791,624	6,163,230	14,954,854	3,201,999
Balances-end of the year	<u>\$ 8,775,758</u>	<u>\$ 6,738,952</u>	<u>\$ 15,514,710</u>	<u>\$ 2,946,371</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>				
Unrestricted:				
Cash and cash equivalents	\$ 6,720,363	\$ 6,621,904	\$ 13,342,267	\$ 2,946,371
Restricted:				
Cash and cash equivalents	2,055,395	117,048	2,172,443	-
	<u>\$ 8,775,758</u>	<u>\$ 6,738,952</u>	<u>\$ 15,514,710</u>	<u>\$ 2,946,371</u>
<b>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Donated subdivision	<u>\$ 687,986</u>	<u>\$ -</u>	<u>\$ 687,986</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, 2023

	Proprietary Funds-Business-type Activities			Governmental
	Major-Funds			Activities
	Water and Sewer	Biloxi Port Fund	Total	Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES</b>				
Operating income	\$ (5,449,009)	\$ (2,789,222)	\$ (8,238,231)	\$ (399,048)
Adjustments to reconcile operating income to net cash used in operating activities:				
Depreciation and amortization expense	6,133,394	2,393,180	8,526,484	-
Miscellaneous revenue	(672,433)	30,359	(642,074)	-
Decrease (increase) in assets:				
Accounts receivable	(3,999,730)	31,562	(3,968,168)	184,740
Lease receivables	-	760,714	760,714	-
Due from other funds	-	-	-	(475,213)
Accrued interest - leases	-	201	201	-
Deferred outflows	(407,560)	(265,104)	(672,664)	-
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	267,822	(5,880)	261,942	80,142
Due to other funds	41,762	16,968	58,730	-
Compensated absences	26,774	11,685	38,459	-
Customer deposits	83,929	1,921	85,850	-
Lease liabilities	(66,409)	-	(66,409)	-
Subscription liabilities	(42,005)	-	(42,005)	-
Unearned revenues	(15,416)	-	(15,416)	-
Deferred inflows - leases	-	(763,436)	(763,436)	-
Pension liabilities and deferred inflows	705,652	459,001	1,164,653	-
Net cash used in operating activities	\$ (3,393,319)	\$ (118,051)	\$ (3,511,370)	\$ (609,379)

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, 2023**

**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. The accounting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2023.

**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 no component units during the year ended September 30, 2023. However, see Note 16 for information describing a joint venture of the City and another governmental entity and a jointly governed organization.

**III. 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.

**IV. 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.

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

**V. 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.

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.



CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

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

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

*Governmental Fund Financial Statements (Continued)*

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 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.

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.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

*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.

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.

*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.

**VI. 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.

**VII. 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.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**Receivables**

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represent the 2023 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, 2023. 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 \$73,471 due from business-type funds to governmental funds at September 30, 2023.

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, 2023, 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.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

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

**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 installment loan 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

**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 11).

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 11) 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.

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

**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.

**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, 2023, 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.

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

**Fund Equity (Continued)**

*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).

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.

**VIII. 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.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

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

**VIII. Stewardship, Compliance, and Accountability (Continued)**

**Budgetary Data (Continued)**

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.

**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, 2023 is as follows:

	Cash on Hand	Cash Deposits	Pooled Cash Deposits	Total
<b>Governmental Activities</b>				
General Fund	\$ 10,000	\$ 10,216,832	\$ 9,053,749	\$ 19,280,581
General Capital Projects	-	80,256	-	80,256
Debt Service	-	24,294	4,346,928	4,371,222
Other Nonmajor Gov't Funds	-	17,607,300	720,769	18,328,069
Internal Service Fund	-	2,867,610	78,761	2,946,371
Total governmental activities	<u>10,000</u>	<u>30,796,292</u>	<u>14,200,207</u>	<u>45,006,499</u>
<b>Business-type Activities</b>				
Water and Sewer	600	9,279,087	(503,929)	8,775,758
Biloxi Port Fund	550	125,048	6,613,354	6,738,952
Total business-type activities	<u>1,150</u>	<u>9,404,135</u>	<u>6,109,425</u>	<u>15,514,710</u>
Total cash and cash equivalents	<u>\$ 11,150</u>	<u>\$ 40,200,427</u>	<u>\$ 20,309,632</u>	<u>\$ 60,521,209</u>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

The City maintained the following restricted assets as of September 30, 2023:

<b>Governmental Activities</b>	
Cash and cash equivalents	
Restricted for capital projects	\$ 17,617,281
Restricted for other special projects	<u>10,163,372</u>
Total restricted assets - governmental activities	<u>27,780,653</u>
<b>Business-type Activities</b>	
Cash and cash equivalents	
Restricted for utility customer deposits	2,055,395
Restricted for debt service	<u>117,048</u>
Total restricted assets - business-type activities	<u>2,172,443</u>
Total restricted assets - government-wide	<u>\$ 29,953,096</u>

*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, 2023, deposits (including restricted deposits) are as follows:

	Bank Balance	Carrying Amount
Pooled deposits:		
Cash and cash equivalents	\$ 19,731,053	\$ 20,309,632
Non-pooled deposits:		
Cash and cash equivalents	<u>43,287,987</u>	<u>40,211,577</u>
Total	<u>\$ 63,019,040</u>	<u>\$ 60,521,209</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, 2023, all the City's investments were in money market mutual funds that are considered cash equivalents.



**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

*Investments (Continued)*

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:

- 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.

*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. All 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, 2023, consist of the following:

	Governmental Activities	Business-type Activities	
	General Fund		Total
Franchise taxes	\$ 918,145	\$ -	\$ 918,145
Court fines and fees	7,107,304	-	7,107,304
Utility customer charges	660,055	2,882,646	3,542,701
Other receivables	1,140,539	770	1,141,309
Total receivables, gross	9,826,043	2,883,416	12,709,459
Less allowance for doubtful receivables	(7,326,132)	(1,061,946)	(8,388,078)
Total receivables, net	<u>\$ 2,499,911</u>	<u>\$ 1,821,470</u>	<u>\$ 4,321,381</u>

*Special Assessments*

The City charges the costs of land code violations as a special assessment attached to property taxes. At September 30, 2023, the City had \$233,614 in receivables related to special assessments included in other receivables and \$175,019 in delinquent receivables included in allowance for doubtful receivables.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 3: RECEIVABLES (Continued)**

*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.

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, 2023, 2022, and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>City Funds</b>			
General Fund	19.67	19.67	19.05
Special revenue funds:			
Disability and Relief (Pension) Funds	1.71	1.90	2.02
Debt Service Funds	8.70	8.51	9.01
Solid waste collection and disposal	0.02	0.02	0.02
Total City administered funds	<u>30.10</u>	<u>30.10</u>	<u>30.10</u>
<b>School Funds</b>			
District Maintenance	42.19	40.55	41.28
School Debt	1.06	2.70	2.09
Total School administered funds	<u>43.25</u>	<u>43.25</u>	<u>43.37</u>
Total levy	<u>73.35</u>	<u>73.35</u>	<u>73.47</u>

*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, 2023, 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.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 3: RECEIVABLES (Continued)**

*Gaming Revenue (Continued)*

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.

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

Local option 3.2% tax	\$ 20,958,611
Local share of state tax	2,061,533
Gaming licenses and permits	<u>1,240,875</u>
Total gaming revenues	<u>\$ 24,261,019</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 2023 and not received by the City until October and November 2023.

Due from other governments at September 30, 2023, consists of the following:

	Governmental Activities	Business-Type Activities	Total
	General Fund	Water and Sewer	
Grants	\$ 5,117,626	\$ 7,434,953	\$ 12,552,579
County road tax	1,076,083	-	1,076,083
Harrison County, ad valorem	136,509	-	136,509
State of Mississippi, gaming taxes and fees	3,920,895	-	3,920,895
State of Mississippi, sales tax diversion	<u>2,463,489</u>	<u>-</u>	<u>2,463,489</u>
Total due from other governments	<u>\$ 12,714,602</u>	<u>\$ 7,434,953</u>	<u>\$ 20,149,555</u>

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: CAPITAL ASSETS**

The following is a summary of capital assets activity for the year ended September 30, 2023:

	Balance October 1, 2022	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2023
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 46,343,690	\$ 189,433	\$ -	\$ -	\$ 46,533,123
Construction in progress	73,581,250	7,628,196	(13,297,989)	(30,119,137)	37,792,320
Total capital assets, not being depreciated	<u>119,924,940</u>	<u>7,817,629</u>	<u>(13,297,989)</u>	<u>(30,119,137)</u>	<u>84,325,443</u>
Capital assets, being depreciated:					
Buildings	137,036,835	-	(245,821)	-	136,791,014
Improvements other than buildings	33,868,217	-	(226,383)	2,552,821	36,194,655
Machinery and equipment	48,979,757	4,903,282	(7,672,162)	81,042	46,291,919
Infrastructure - streets and drainage	195,323,974	1,511,112	-	1,965,060	198,800,146
Right of use assets - leases	1,026,933	397,020	(414,990)	-	1,008,963
Right of use assets - subscriptions	3,200,462	225,285	-	-	3,425,747
Total capital assets, being depreciated	<u>419,436,178</u>	<u>7,036,699</u>	<u>(8,559,356)</u>	<u>4,598,923</u>	<u>422,512,444</u>
Less accumulated depreciation for:					
Buildings	(34,480,515)	(3,216,336)	61,456	-	(37,635,395)
Improvements other than buildings	(13,415,831)	(1,609,362)	226,383	-	(14,798,810)
Machinery and equipment	(37,157,778)	(2,791,172)	6,725,937	-	(33,223,013)
Infrastructure - streets and drainage	(78,861,869)	(3,313,887)	-	-	(82,175,756)
Right of use assets - leases	(521,576)	(257,038)	414,990	-	(363,624)
Right of use assets - subscriptions	(497,199)	(542,998)	-	-	(1,040,197)
Total accumulated amortization and depreciation	<u>(164,934,768)</u>	<u>(11,730,793)</u>	<u>7,428,766</u>	<u>-</u>	<u>(169,236,795)</u>
Total capital assets, being depreciated, net	<u>254,501,410</u>	<u>(4,694,094)</u>	<u>(1,130,590)</u>	<u>4,598,923</u>	<u>253,275,649</u>
Total governmental activities capital assets, net	<u>\$374,426,350</u>	<u>\$ 3,123,535</u>	<u>\$(14,428,579)</u>	<u>\$(25,520,214)</u>	<u>\$337,601,092</u>

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 5: CAPITAL ASSETS (Continued)**

	Balance October 1, 2022	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2023
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 713,161	\$ 5,000	\$ -	\$ -	\$ 718,161
Construction in progress	219,596,903	27,308,751	-	(196,205,398)	50,700,256
Total capital assets, not being depreciated	<u>220,310,064</u>	<u>27,313,751</u>	<u>-</u>	<u>(196,205,398)</u>	<u>51,418,417</u>
Capital assets, being depreciated:					
Equipment	6,934,190	261,774	(212,939)	-	6,983,025
Water and sewer system	153,320,795	687,986	-	221,068,810	375,077,591
Port buildings & improvements	54,224,867	-	(287,833)	656,802	54,593,836
Right of use assets - leases	220,581	-	-	-	220,581
Right of use assets - subscriptions	428,028	-	-	-	428,028
Total capital assets, being depreciated	<u>215,128,461</u>	<u>949,760</u>	<u>(500,772)</u>	<u>221,725,612</u>	<u>437,303,061</u>
Less accumulated depreciation for:					
Equipment	(5,273,107)	(351,372)	212,939	-	(5,411,540)
Water and sewer system	(60,619,446)	(5,676,307)	-	-	(66,295,753)
Port buildings & improvements	(28,274,140)	(2,366,146)	159,509	-	(30,480,777)
Right of use assets - leases	(102,555)	(71,587)	5,188	-	(168,954)
Right of use assets - subscriptions	(61,072)	(61,072)	-	-	(122,144)
Total accumulated amortization and depreciation	<u>(94,330,320)</u>	<u>(8,526,484)</u>	<u>377,636</u>	<u>-</u>	<u>(102,479,168)</u>
Total capital assets, being depreciated, net	<u>120,798,141</u>	<u>(7,576,724)</u>	<u>(123,136)</u>	<u>221,725,612</u>	<u>334,823,893</u>
Total business-type activities capital assets, net	<u>\$341,108,205</u>	<u>\$ 19,737,027</u>	<u>\$ (123,136)</u>	<u>\$ 25,520,214</u>	<u>\$386,242,310</u>
<b>Primary Government</b>					
Total capital assets, net	<u>\$715,534,555</u>	<u>\$ 22,860,562</u>	<u>\$(14,551,715)</u>	<u>\$ -</u>	<u>\$723,843,402</u>

Depreciation and amortization expense was charged to the following governmental functions:

<b>Governmental Activities</b>	
General government	\$ 2,059,824
Community development	512,155
Cultural affairs	1,124,962
Parks and recreation	1,629,035
Public safety	2,793,731
Public works	268,775
Engineering	31,612
Infrastructure	<u>3,310,699</u>
	<u>11,730,793</u>
<b>Business-type Activities</b>	
Water and Sewer	6,133,304
Port fund	<u>2,393,180</u>
	<u>8,526,484</u>
Total depreciation and amortization expense	<u>\$ 20,257,277</u>

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6: LEASING ARRANGEMENTS**

*Lessor*

The City is a lessor under 32 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 2024 and September 2053. 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, 2023 the City recognized \$3,611,928 in lease revenue and \$877,264 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 \$1,040,314. In addition, the City reported \$49,758,461 in lease receivables and \$49,007,007 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, 2023, not including variable lease revenues:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Receipts
	Principal	Interest	Principal	Interest	
2024	\$ 2,453,611	\$ 832,719	\$ 631,331	\$ 10,578	\$ 3,928,239
2025	2,429,639	792,562	50,043	9,000	3,281,244
2026	2,421,790	751,976	34,164	8,344	3,216,274
2027	2,442,517	710,934	31,147	7,759	3,192,357
2028	2,478,937	669,250	31,332	7,246	3,186,765
2029-2033	12,998,522	2,696,785	164,647	28,244	15,888,198
2034-2038	13,725,696	1,548,684	178,787	14,104	15,467,271
2039-2043	9,159,535	382,008	69,987	1,418	9,612,948
2044-2048	252,389	34,958	-	-	287,347
2049-2053	204,387	11,076	-	-	215,463
	<u>\$ 48,567,023</u>	<u>\$ 8,430,952</u>	<u>\$ 1,191,438</u>	<u>\$ 86,693</u>	<u>\$ 58,276,106</u>

*Lessee*

The City is lessee under 66 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, 2023:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2024	\$ 233,889	\$ 11,455	\$ 48,309	\$ 219	\$ 293,872
2025	190,836	7,263	1,781	81	199,961
2026	148,904	3,190	1,664	26	153,784
2027	44,655	584	-	-	45,239
2028	33,938	202	-	-	34,140
2029	2,846	2	-	-	2,848
	<u>\$ 655,068</u>	<u>\$ 22,696</u>	<u>\$ 51,754</u>	<u>\$ 326</u>	<u>\$ 729,844</u>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7: SUBSCRIPTION LIABILITY**

The Governmental Accounting Standards Board (GASB) Statement No. 96 – Subscription-Based Information Technology Agreements was implemented for the year ended September 30, 2023. Beginning net position has been adjusted for the cumulative effect of implementing the change in accounting principle. See Note 17 for more information.

The City is subject to 14 non-cancelable agreements involving the use of technology software. The agreements permit the City to use the specified software for the term of the agreement. The following is a schedule of the City’s subscription liability at September 30, 2023:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2024	\$ 533,959	\$ 26,075	\$ 51,722	\$ 3,249	\$ 615,005
2025	448,246	19,872	53,862	2,758	524,738
2026	331,906	13,861	56,073	2,246	404,086
2027	316,529	10,305	58,355	1,713	386,902
2028	313,042	6,798	60,710	1,159	381,709
2029	316,423	3,417	61,287	582	381,709
	<u>\$ 2,260,105</u>	<u>\$ 80,328</u>	<u>\$ 342,009</u>	<u>\$ 11,707</u>	<u>\$ 2,694,149</u>

**NOTE 8: SHORT TERM DEBT**

The following is a summary of short-term debt activity for the year ended September 30, 2023:

	Original Issue	Interest Rate	Balance 10/1/2022	Redemptions	Balance 9/30/2023
<b>Governmental activities</b>					
Grant anticipation note	4/19/2021	1.08%	\$ 843,055	\$ 843,055	\$ -
Total short-term capital borrowings			<u>\$ 843,055</u>	<u>\$ 843,055</u>	<u>\$ -</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.

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 9: LONG-TERM LIABILITIES**

Changes in long-term liabilities during the year ended September 30, 2023 are as follows:

	Balance October 1, 2022	Additions	Adjustments	Principal Payments/ Reductions	Balance September 30, 2023	Due within One Year
<b>Governmental Activities</b>						
General Obligation Bonds	\$ 72,608,000	\$ -	\$(14,075,000)	\$ (4,541,000)	\$ 53,992,000	\$ 4,329,000
Tax Increment Limited Obligation Bonds	16,105,730	-	-	(2,165,036)	13,940,694	3,185,694
Equipment installment loans	7,381,220	1,725,000	-	(1,300,072)	7,806,148	1,141,431
Lease payable	509,195	397,020	-	(251,147)	655,068	233,889
Subscription liabilities	2,564,759	219,650	-	(524,303)	2,260,106	533,959
Compensated absences	9,780,657	2,188,286	-	(2,327,574)	9,641,369	2,410,342
Net pension liability	97,069,502	-	16,506,342	-	113,575,844	-
Total governmental activities	<u>\$206,019,063</u>	<u>\$4,529,956</u>	<u>\$ 2,431,342</u>	<u>\$ (11,109,132)</u>	<u>\$ 201,871,229</u>	<u>\$11,834,315</u>
<b>Business-type Activities</b>						
Water and Sewer notes payable	\$ 6,911,121	\$ -	\$ -	\$ (477,085)	\$ 6,434,036	\$ 485,501
Limited tax Port Bonds	6,100,000	-	-	(310,000)	5,790,000	325,000
Drinking water loan	654,313	-	-	(57,211)	597,102	58,336
Equipment installment loans	43,218	-	-	(43,218)	-	-
Lease payable	118,163	5,188	-	(71,597)	51,754	48,309
Subscription liabilities	384,014	-	-	(42,005)	342,009	51,722
Compensated absences	503,658	227,205	-	(188,748)	542,115	135,531
Net pension liability	5,704,709	-	1,136,178	-	6,840,887	-
Total business-type activities	<u>\$ 20,419,196</u>	<u>\$ 232,393</u>	<u>\$ 1,136,178</u>	<u>\$ (1,189,864)</u>	<u>\$ 20,597,903</u>	<u>\$ 1,104,399</u>

The General and Water and Sewer Funds provide the resources for the retirement of compensated absences. For the year ended September 30, 2023, interest and fees incurred and charged to expense totaled \$2,804,358 in the governmental activities and \$340,032 included in expenses, in the business-type activities.

**Bonds Payable**

At September 30, 2023, the City had the following outstanding bonds payable:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2023
<b>Governmental Activities:</b>					
General obligation bonds:					
General obligation bonds Series 2019	2/8/2019	3/1/2039	Variable	\$ 14,000,000	\$11,950,000
General obligation bonds Series 2017	3/15/2017	3/1/2032	Variable	7,000,000	4,625,000
General obligation bonds Series 2012	4/1/2012	4/1/2027	Variable	6,000,000	1,915,000
General obligation bonds Series 2020	6/8/2020	1/1/2029	Variable	8,662,000	6,529,000
General obligation bonds Series 2020A	6/2/2020	3/1/2034	Variable	16,206,000	15,441,000
Special obligation bonds, Series 2022	5/25/2022	8/1/2042	2.75%	14,000,000	13,532,000
Limited Obligation Bonds					
Tax increment limited obligation bond Series 2021	9/15/2021	6/1/2029	1.47%	1,896,000	1,386,000
Tax increment limited obligation bond Series 2016	11/1/2016	11/1/2027	Variable	21,020,000	10,960,000
Tax increment limited obligation bond Series 2014	6/25/2014	4/15/2029	4.07%	1,995,000	1,594,694
Total governmental activities				<u>90,779,000</u>	<u>67,932,694</u>
<b>Business-type Activities:</b>					
Limited tax Port Bonds					
Port bonds Series A & B	8/1/2017	8/1/2037	Variable	7,500,000	5,790,000
Total business-type activities				<u>7,500,000</u>	<u>5,790,000</u>
Total bonds				<u>\$ 98,279,000</u>	<u>\$73,722,694</u>



**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 9: LONG-TERM LIABILITIES (Continued)**

**Bonds Payable (Continued)**

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	
2024	\$ 7,514,694	\$ 1,982,296	\$ 325,000	\$ 192,744	\$ 10,014,734
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	7,055,000	1,061,242	375,000	146,494	8,637,736
2029-2033	17,789,000	3,422,174	2,080,000	544,631	23,835,805
2034-2038	9,743,000	1,436,892	1,965,000	172,238	13,317,130
2039-2043	4,435,000	259,111	-	-	4,694,111
	<u>\$ 67,932,694</u>	<u>\$12,765,927</u>	<u>\$ 5,790,000</u>	<u>\$ 1,562,889</u>	<u>\$ 88,051,510</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, 2023, was 8.7 mills or \$8.70 per \$1,000 of assessed value.

**Notes Payable from Direct Borrowings**

At September 30, 2023, the City's outstanding notes payable from direct borrowings are described as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2023
<b>Business-type Activities:</b>					
State of MS Revolving Fund Loan	9/1/2010	11/1/2032	1.75%	\$ 2,906,577	\$1,479,317
State of MS Revolving Fund Loan	7/23/2013	6/1/2036	1.75%	4,185,344	2,884,514
State of MS Revolving Fund Loan	9/30/2014	9/1/2037	1.75%	2,764,434	2,070,205
State of MS Drinking Water Improvement Loan	11/3/2011	2/15/2033	1.95%	1,133,861	597,102
Total business-type activities				<u>10,990,216</u>	<u>7,031,138</u>
Total notes payable				<u>\$10,990,216</u>	<u>\$7,031,138</u>

Principal and interest maturities will be as follows:

Year Ending September 30,	Business-type Activities		Total Requirements
	Principal	Interest	
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	583,742	79,921	663,663
2029-2033	2,891,409	240,605	3,132,014
2034-2038	1,321,665	40,206	1,361,871
	<u>\$ 7,031,138</u>	<u>\$ 781,062</u>	<u>\$ 7,812,200</u>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 9: LONG-TERM LIABILITIES (Continued)**

**Notes Payable from Direct Borrowings (Continued)**

General long-term debt of the business-type activities is \$7,031,138 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, five fire trucks, 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 trucks are held in the name of City; BancLeasing LLC and PNC as lien holders. 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.

The installment loan obligations outstanding as of September 30, 2023, are as follows:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance September 30, 2023</u>
<b>Governmental Activities:</b>					
Installment loans:					
Tasers - Axon enterprise, Inc.	10/12/2021	10/14/2026	None	\$ 551,000	\$ 371,925
Fire station - Regions Equipment	7/20/2018	7/1/2033	3.63%	4,250,000	3,071,439
Fire trucks - BancLeasing, LLC	11/1/2020	9/1/2026	2.50%	1,016,923	455,678
Energy performance - Hancock Bank	4/5/2016	9/30/2027	2.29%	1,984,837	848,523
CAD and records system - Motorola	2/26/2021	12/15/2030	1.94%	1,978,938	1,607,125
Fire trucks - BancLeasing, LLC	3/29/2023	5/1/2030	4.40%	1,725,000	1,451,458
Total governmental activities				<u>11,506,698</u>	<u>7,806,148</u>
Total capital lease obligations				<u>\$11,506,698</u>	<u>\$ 7,806,148</u>

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, 2023:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 1,141,431	\$ 236,628	\$ 1,378,059
2025	1,172,446	205,613	1,378,059
2026	1,204,649	173,411	1,378,060
2027	954,323	140,210	1,094,533
2028	760,162	111,165	871,327
2029-2033	2,573,137	223,323	2,796,460
	<u>\$ 7,806,148</u>	<u>\$ 1,090,350</u>	<u>\$ 8,896,498</u>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 9: 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 1.95% - 2.25% 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 was considered to be a crossover refunding whereby the old and new debt were included in the City's debt obligations. The irrevocable trust and outstanding series 2014B bonds remained in the City's assets and liabilities, respectively, until the debt was fully defeased in the current year. As of September 30, 2023 the debt has been fully defeased and as such the irrevocable trust and outstanding series 2014B bonds have been removed from the City's assets and liabilities.

**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 \$144,808,196 and the legal debt margin was \$83,785,058 at September 30, 2023.

**NOTE 10: 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, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 10: INTERFUND TRANSACTIONS**

**Interfund Receivables and Payables**

The interfund balances at September 30, 2023 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
General Capital Projects Fund	\$ 8,546,205	\$ -
Claims Contingency Fund for Claims and Expenses	-	(494,427)
Total General Fund	<u>8,546,205</u>	<u>(494,427)</u>
General Capital Projects Fund:		
General Fund	-	(8,546,205)
Total General Capital Projects Fund	<u>-</u>	<u>(8,546,205)</u>
Enterprise Fund:		
Water/Sewer for Claims and Expenses	-	(53,555)
Biloxi Port Fund for Claims and Expenses	-	(19,916)
Total Enterprise Fund	<u>-</u>	<u>(73,471)</u>
Internal Service Self-Insurance Fund:		
Claims Contingency Fund from General Fund	494,427	-
Claims Contingency Fund from Water/Sewer	53,555	-
Claims Contingency Fund from Port Fund	19,916	-
Total Internal Service Self-Insurance Fund	<u>567,898</u>	<u>-</u>
Total	<u>\$ 9,114,103</u>	<u>\$ (9,114,103)</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, 2023 consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 418,285	\$ (2,197,481)
General Capital Projects Fund	2,117,808	(28,562,919)
Debt Service Fund	99,143	-
Other Non-major Governmental Funds	50,000	(1,306,740)
Total Governmental Funds	<u>2,685,236</u>	<u>(32,067,140)</u>
Water and Sewer	32,389,510	(755,375)
Biloxi Port Fund	3,669,821	(6,271,607)
Internal Service Fund	349,555	-
Total Proprietary Funds	<u>36,408,886</u>	<u>(7,026,982)</u>
Total	<u>\$39,094,122</u>	<u>\$ (39,094,122)</u>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 10: 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 11: 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](http://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.

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 11: 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)**

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, 2023 the combined millage was 1.71 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, 2023 were \$1,055,088. The employer contributions were made in accordance with contribution requirements determined by an actuarial valuation of the system as of June 30, 2022. 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 69 retirees and beneficiaries.

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, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023.

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

Total pension liability	\$ 20,102,855
Fiduciary net pension	<u>(7,826,236)</u>
Net pension liability	<u>\$ 12,276,619</u>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 11: 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)*

*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, 2023 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Change in Net Pension Liability			
Interest	\$ 1,449,917	\$ -	\$ 1,449,917
Difference between expected and actual experience	(379,893)	-	(379,893)
Changes of assumptions	799,519	-	799,519
Contributions - employer	-	1,137,843	(1,137,843)
Net investment income	-	552,509	(552,509)
Benefit payments, including refunds of employee contributions	(1,941,780)	(1,941,780)	-
Administrative expense	-	(22,757)	22,757
Net change	(72,237)	(274,185)	201,948
Net pension liability beginning	20,175,091	8,100,421	12,074,670
Net pension liability ending	<u>\$ 20,102,854</u>	<u>\$ 7,826,236</u>	<u>\$ 12,276,618</u>

*Deferred Outflows and Inflows of Resources*

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2023 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	\$ 272,481	\$ -
	<u>\$ 272,481</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2023 will be recognized in pension expenses as follows:

Year ended September 30	Amount
2024	\$ 21,986
2025	(56,408)
2026	301,330
2027	5,573
	<u>\$ 272,481</u>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 11: EMPLOYEE BENEFIT PLANS (Continued)**

**Defined Benefit Pension Plan (continued)**

Actuarial assumptions

*Discount Rate* The discount rate used to measure the total pension liability was 7.00 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the plan's net pension liability	\$ 13,895,934	\$ 12,276,618	\$ 10,865,359

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, 2023 were based on the June 30, 2021 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:	
Inflation	2.40%
Salary Increases	N/A
Investment rate of return	6.05%, net of pension plan investment expense, including inflation

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](http://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.



CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

**NOTE 11: EMPLOYEE BENEFIT PLANS (Continued)**

**Defined Benefit Pension Plan (continued)**

*Public Employees' Retirement System (Continued)*

*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 up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with 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.

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, 2023 was 17.40% of annual covered payroll. The City's contributions to PERS for the fiscal years ending September 30, 2023, 2022, and 2021 total \$5,545,688, \$5,278,287, and \$5,181,645, 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, 2023, the City reported a liability of \$108,140,112 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 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, 2023, the City's proportion was .429958 percent, which was a decrease of .010681 percent from its proportionate share measured as of September 30, 2022.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 11: 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)*

For the year ended September 30, 2023, the City recognized pension expense of \$13,013,215. At September 30, 2023, 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
<b>Governmental Activities:</b>		
Differences between expected and actual experience	\$ 2,533,295	\$ -
Changes in assumptions	11,879,948	-
Net difference between projected and actual earnings on pension plan investments	3,958,461	-
Change in proportionate share	-	2,385,531
City contributions subsequent to the measurement date	1,471,442	-
<b>Totals</b>	<b>\$ 19,843,146</b>	<b>\$ 2,385,531</b>
	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Business-Type Activities</b>		
Differences between expected and actual experience	\$ 174,374	\$ -
Changes in assumptions	817,734	-
Net difference between projected and actual earnings on pension plan investments	272,471	-
Change in proportionate share	-	164,201
City contributions subsequent to the measurement date	101,283	-
<b>Totals</b>	<b>\$ 1,365,862</b>	<b>\$ 164,201</b>

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$1,572,725 are recognized as a reduction to the net pension liability in the year ending September 30, 2023. 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
2024	\$ 5,835,361
2025	3,667,871
2026	7,551,137
2027	32,182
Total	<b>\$ 17,086,551</b>

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 11: EMPLOYEE BENEFIT PLANS (Continued)**

Public Employees' Retirement System (continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022 and a measurement date of June 30, 2023, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2022 valuation based on the experience investigation for the four-year period ending June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods included in the measurement:

Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Projected salary increases	2.65 - 17.90 percent, including inflation
Inflation	2.40 percent

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 actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	27.00%	4.75%
International equity	22.00%	4.75%
Global equity	12.00%	4.95%
Fixed income	20.00%	1.75%
Real estate	10.00%	3.25%
Private equity	8.00%	6.00%
Cash equivalents	1.00%	0.25%
Total	<u>100.00%</u>	

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 11: EMPLOYEE BENEFIT PLANS (Continued)**

*Public Employees' Retirement System (continued)*

*Discount rate*

The discount rate used to measure the total pension liability was 7.00 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 phased in to 22.40% over three fiscal years (17.40% for FYE 2024, 19.40% for FYE 2025, 21.40% for FYE 2026, and 22.40% for FYE 2027). 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. In June 2024, there were legislative changes to the discount rate. See Note 19.

*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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% decrease	6.00%	\$ 139,449,418
Current discount rate	7.00%	\$ 108,140,112
1% increase	8.00%	\$ 82,447,349

*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](http://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 ended September 30, 2023, contributions by participants employed by the City totaled \$452,163.

**NOTE 12: DEFICIT FUND BALANCE**

At September 30, 2023, the General Capital Projects Fund (a major fund) has a deficit fund balance of \$14,368,672. 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.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**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):

<b>Property coverage excluding MGM property</b>	
Per occurrence for all other perils	\$ 100,000
Per occurrence for named wind/hail	\$ 1,000,000
Per occurrence for all other wind/hail	\$ 250,000
Specific excess coverage in force	\$ 75,000,000
<b>MGM property coverage</b>	
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	\$ 14,705,000
<b>Equipment coverage</b>	
Per occurrence for all wind/hail	2%/\$100k Min
Per occurrence for flood, excluded except 2M on fire dept trucks & equipment	5%/\$100k Min
Per occurrence deductible for all other perils - other scheduled equipment	\$ 5,000
Per occurrence deductible for fire trucks and physical damage (SIR)	\$ 100,000
Specific coverage in force all equipment coverage	\$ 19,570,141
<b>Crime coverage</b>	
Per loss deductible employee theft	\$ 10,000
Specific excess coverage in force employee theft	\$ 1,000,000
<b>Workers compensation</b>	
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
<b>General and other liability coverage</b>	
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
Per occurrence deductible for marina liability	\$ 1,000
Specific coverage in force marina liability, \$2,000,000 aggregate	\$ 1,000,000
<b>Health</b>	
Per individual deductible (SIR)	\$ 125,000
Annual aggregate risk of loss through deductibles	No limit

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 14: SELF-INSURED RISK, CLAIMS AND OTHER CONTINGENCIES (Continued)**

The following is a summary of the City's self-insurance reserves at September 30, 2023:

	Employee Medical Claims	Property Liability & Workers' Compensation	Total
Total estimated liability and reserves - October 1, 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	1,378,266	2,176,459	3,554,725
Claims incurred and changes in estimates	7,570,348	813,787	8,384,135
Claims paid	<u>(7,713,838)</u>	<u>(525,354)</u>	<u>(8,239,192)</u>
Total estimated liability and reserves - September 30, 2023	<u>\$1,234,776</u>	<u>\$ 2,464,892</u>	<u>\$ 3,699,668</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: 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 and one bank. For the year ended September 30, 2023, the City abated \$53,406 in taxes.

**NOTE 15: 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.

**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.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 15: COMMITMENTS AND CONTINGENCIES (Continued)**

**Capital Project Commitment (Continued)**

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

	Contract Amount	Expended to Date	Remaining Contract
Popps Ferry extension	\$ 6,034,340	\$ 1,859,025	4,175,315
Popps Ferry Pass Rd to Riverview	5,431,301	2,524,296	2,907,005
Point Cadet marina improvements	7,663,719	3,615,949	4,047,770
Citywide street repair	925,020	30,820	894,200
Main Street crossing upgrade	850,015	714,178	135,837
Woolmarket sidewalks	183,973	84,210	99,763
Cedar Lake bridge and paving	170,196	64,197	105,999
East Biloxi recreational facility	227,750	73,585	154,165
Tanglewood infrastructure repair	180,500	92,500	88,000
Sediment removal phase II	132,233	67,497	64,736
Point Cadet shoreline	118,471	57,915	60,556
Keegan Bayou restoration	57,500	48,875	8,625
Kuhn Street boat ramp	164,450	101,285	63,165
Shriners Blvd water/sewer extension	180,000	146,668	33,332
Bay Vista water well	104,700	31,147	73,553
Fire station No. 5 improvements	120,000	-	120,000
Popps Ferry recreational complex	217,239	167,279	49,960
Pass Road & Rodenberg signal	48,000	11,615	36,385
Woolmarket traffic study	29,980	29,977	3
Point re-development program	225,000	38,565	186,435
Sports complex field improvements	5,491,819	519,939	4,971,880
Point Cadet nearshore	219,800	67,830	151,970
Parkers Creek dredging	52,460	7,560	44,900
Woolmarket Acres infrastructure	972,300	121,621	850,679
Municipal harbor dredging	26,925	24,233	2,692
Churchill Avenue drainage improvement	11,300	8,696	2,604
BEA	35,755,810	16,683,359	19,072,451
STM	46,663,810	30,190,767	16,473,043
	<u>\$ 112,258,611</u>	<u>\$ 57,383,588</u>	<u>\$ 54,875,023</u>

**NOTE 16: 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, 2023, a complete copy of which is on file at the administrative offices of the Authority. For the year ended September 30, 2023, the City paid the Authority \$10,762,347; \$7,721,052 for sewer, \$2,645,592 for garbage, and \$395,703 for dumping.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 16: RELATED PARTY COMMITMENTS (Continued)**

*Joint Venture (continued)*

**Harrison County Utility Authority  
Condensed Statement of Net Position**

<b>Assets</b>	
Current assets	\$ 14,727,956
Noncurrent assets	189,531,695
Total assets	<u>204,259,651</u>
Deferred outflows related to pensions	<u>497,708</u>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 204,757,359</b>
<b>Liabilities and Net Position</b>	
Current liabilities	\$ 17,517,372
Noncurrent liabilities	83,272,334
Total liabilities	<u>100,789,706</u>
Deferred inflows related to pensions	<u>6,569</u>
<b>Total liabilities and deferred inflows related to pensions</b>	<b>100,796,275</b>
<b>Net position</b>	<b>\$ 103,961,084</b>

**Statement of Revenue, Expenditures, and Changes in Net Position**

Operating revenues	\$ 23,977,078
Depreciation	(14,159,865)
Operating expenses	(24,270,114)
Non-operating revenues (expenses)	<u>6,850,691</u>
<b>Change in net position</b>	<b>\$ (7,602,210)</b>
Beginning net position	<u>111,563,294</u>
<b>Ending net position</b>	<b>\$ 103,961,084</b>

*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 \$732,996 for the year ended September 30, 2023. The amount budgeted for the City of Biloxi for the fiscal year ended September 30, 2024 is \$780,000. 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, 2023**

**NOTE 16: 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 2023-2024 fiscal year. The City of Biloxi has no equity interest in the organization.

**NOTE 17: IMPLEMENTATION OF NEW ACCOUNTING STANDARD GASB NO. 96**

The implementation of a new accounting standard, GASB 96 – Subscription-based Information Technology Arrangements, required the recording of right to use assets, related amortization of right to use assets, and a subscription liability related to subscription-based technology agreements for the year ended September 30, 2023. 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:

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Restatement Increase (Decrease)</u>
<i>Government-wide</i>			
<i>Governmental Activities</i>			
Statement of Net Position			
at September 30, 2022:			
Right of use asset - subscription	\$ -	\$ 3,200,462	\$ 3,200,462
Accumulated amortization - subscription	\$ -	\$ (497,199)	\$ (497,199)
Subscription liability	\$ -	\$ (2,564,759)	\$ (2,564,759)
Governmental activities net position*	\$ (238,265,708)	\$ (238,404,212)	\$ (138,504)
 <i>Business-type Activities</i>			
Statement of Net Position			
at September 30, 2022:			
Right of use asset - subscription	\$ -	\$ 428,028	\$ 428,028
Accumulated amortization - subscription	\$ -	\$ (61,072)	\$ (61,072)
Subscription liability	\$ -	\$ (384,014)	\$ (384,014)
Business-type activities net position*	\$ (338,802,967)	\$ (338,785,909)	\$ 17,058
 <i>Water and Sewer Fund</i>			
Balance Sheet			
at September 30, 2022:			
Right of use asset - subscription	\$ -	\$ 428,028	\$ 428,028
Accumulated amortization - subscription	\$ -	\$ (61,072)	\$ (61,072)
Subscription liability	\$ -	\$ (384,014)	\$ (384,014)
Proprietary fund balance sheet*	\$ (309,915,028)	\$ (309,897,970)	\$ 17,058

\*Previously stated amounts adjusted for prior period adjustments unrelated to GASB 96 implementation - see Note 18 for more information.

**CITY OF BILOXI, MISSISSIPPI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 18: 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, 2023.

*Government-wide Financial Statements*

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

<b>Government-Wide Financial Statements</b>	
<b>Governmental Activities</b>	
Beginning net position, as previously reported	\$ (239,501,554)
Adjustment to record SBITA	(138,504)
Adjustment to correct accumulated depreciation	1,235,846
Beginning net position, as restated	<u>\$ (238,404,212)</u>
<b>Business-Type Activities</b>	
Beginning net position, as previously reported	\$ (344,569,967)
Adjustment to record SBITA	17,058
Adjustment to correct accumulated depreciation	5,767,000
Beginning net position, as restated	<u>\$ (338,785,909)</u>

*Fund Financial Statements*

Proprietary Funds

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

<b>Proprietary Fund Financial Statements</b>	
<i>Water &amp; sewer fund</i>	
Beginning net position, as previously reported	\$ (311,070,740)
Adjustment to record SBITA	17,058
Adjustment to correct accumulated depreciation	1,155,712
Beginning net position, as restated	<u>\$ (309,897,970)</u>
<i>Port fund</i>	
Beginning net position, as previously reported	\$ (33,499,227)
Adjustment to correct accumulated depreciation	4,611,288
Beginning net position, as restated	<u>\$ (28,887,939)</u>

**NOTE 19: SUBSEQUENT EVENTS**

The City has evaluated events subsequent to year end through January 7, 2025, which is the date the financial statements were available to be issued. The following events were identified:

Since September 30, 2023, the City has awarded \$28.2m in construction contracts for City projects and approved the purchase of \$4.6m in fixed assets.

On June 18, 2024, Mississippi Legislature passed Senate Bill 3231 pertaining to the PERS retirement system. This bill limits the yearly increase of the employer's contribution rate to 0.50% effective July 1, 2024. Employer contribution rates will be phased in to 18.90% over three fiscal years (17.90% for FYE 2025, 18.40% for FYE 2026, and 18.90% for FYE 2027). The originally projected PERS contribution rates per the latest actuarial report is detailed in Note 11 under "Discount Rate." The effect of this change cannot be reasonably estimated for financial statement purposes.

**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, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Ad valorem taxes	\$ 12,946,973	\$ 12,946,973	\$ 12,909,902	\$ (37,071)
Licenses and permits	4,134,615	4,134,615	4,532,364	397,749
Intergovernmental	42,901,000	42,901,000	43,901,515	1,000,515
Federal and state grants	1,910,571	2,596,694	983,700	(1,612,994)
Charges for services	3,327,334	3,327,334	3,176,646	(150,688)
Fines	434,000	434,000	352,242	(81,758)
Other	7,141,614	7,214,936	8,594,288	1,379,352
Total revenues	<u>72,796,107</u>	<u>73,555,552</u>	<u>74,450,657</u>	<u>895,105</u>
<b>EXPENDITURES</b>				
Administration				
Personnel services	1,903,887	1,945,252	1,785,477	159,775
Supplies	62,394	62,196	42,254	19,942
Other services and charges	436,108	403,880	332,208	71,672
Contractual services	1,623,260	1,439,484	1,417,269	22,215
Capital outlay	400,200	503,909	495,155	8,754
Total administrative	<u>4,425,849</u>	<u>4,354,721</u>	<u>4,072,363</u>	<u>282,358</u>
Executive				
Personnel services	462,172	471,699	469,694	2,005
Supplies	239,540	292,240	279,044	13,196
Other services and charges	56,800	57,100	39,698	17,402
Contractual services	70,050	59,750	51,366	8,384
Capital outlay	2,152	5,452	4,280	1,172
Total executive	<u>830,714</u>	<u>886,241</u>	<u>844,082</u>	<u>42,159</u>
Legislative				
Personnel services	573,452	595,183	595,663	(480)
Supplies	23,200	23,000	14,961	8,039
Other services and charges	126,766	166,046	122,192	43,854
Contractual services	500	500	-	500
Total legislative	<u>723,918</u>	<u>784,729</u>	<u>732,816</u>	<u>51,913</u>
Legal				
Personnel services	856,668	879,240	821,352	57,888
Supplies	15,015	6,629	6,141	488
Other services and charges	1,000,580	996,463	837,453	159,010
Contractual services	28,275	34,394	34,254	140
Capital outlay	12,250	17,850	17,665	185
Total legal	<u>1,912,788</u>	<u>1,934,576</u>	<u>1,716,865</u>	<u>217,711</u>
Community development				
Personnel services	2,303,898	2,313,241	2,246,122	67,119
Supplies	177,450	154,950	117,714	37,236
Other services and charges	496,700	550,041	536,301	13,740
Contractual services	419,950	410,244	324,234	86,010
Capital outlay	111,372	189,204	103,044	86,160
Total community development	<u>3,509,370</u>	<u>3,617,680</u>	<u>3,327,415</u>	<u>290,265</u>
Parks and recreation				
Personnel services	3,332,135	3,408,296	3,290,527	117,769
Supplies	407,650	379,539	358,755	20,784
Other services and charges	666,800	704,569	699,853	4,716
Contractual services	334,600	375,600	370,175	5,425
Capital outlay	165,400	167,400	100,677	66,723
Total parks and recreation	<u>4,906,585</u>	<u>5,035,404</u>	<u>4,819,987</u>	<u>215,417</u>

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, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>EXPENDITURES, Continued</b>				
Public Safety				
Personnel services	32,773,511	33,630,636	32,136,471	1,494,165
Supplies	1,895,401	1,866,170	1,718,997	147,173
Other services and charges	2,023,840	2,052,330	1,675,658	376,672
Contractual services	1,553,095	1,413,681	1,313,589	100,092
Capital outlay	4,950,052	5,575,130	3,517,868	2,057,262
Total public safety	<u>43,195,899</u>	<u>44,537,947</u>	<u>40,362,583</u>	<u>4,175,364</u>
Public Works				
Personnel services	5,546,452	4,921,841	4,710,703	211,138
Supplies	626,350	605,881	492,619	113,262
Other services and charges	203,250	345,336	301,277	44,059
Contractual services	4,979,166	5,590,789	5,247,358	343,431
Capital outlay	1,220,211	1,176,013	415,379	760,634
Total public works	<u>12,575,429</u>	<u>12,639,860</u>	<u>11,167,336</u>	<u>1,472,524</u>
Nondepartmental				
Interest and principal	3,603	7,082	7,081	1
Supplies	45,000	27,615	1,205	26,410
Other services and charges	4,134,690	4,949,256	5,101,627	(152,371)
Contractual services	1,977,388	2,244,245	2,038,554	205,691
Capital Outlay	165,503	196,376	195,151	1,225
Total nondepartmental	<u>6,326,184</u>	<u>7,424,574</u>	<u>7,343,618</u>	<u>80,956</u>
Total expenditures	<u>78,406,736</u>	<u>81,215,732</u>	<u>74,387,065</u>	<u>6,828,667</u>
Excess (deficiency) of revenues over expenditures	<u>(5,610,629)</u>	<u>(7,660,180)</u>	<u>63,592</u>	<u>7,723,772</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	3,028,270	3,028,270	1,725,000	(1,303,270)
Transfers out	(2,646,783)	(2,650,978)	(1,517,481)	1,133,497
Transfers in	(200,000)	(220,805)	(315,986)	(95,181)
Total other financing sources (uses)	<u>181,487</u>	<u>156,487</u>	<u>(108,467)</u>	<u>(264,954)</u>
Net change in fund balance	<u>(5,429,142)</u>	<u>(7,503,693)</u>	<u>(44,875)</u>	<u>\$ 7,458,818</u>
Fund balance-beginning, budget basis	21,478,969	21,172,191	21,172,191	
Fund balance-ending, budget basis	<u>\$ 16,049,827</u>	<u>\$ 13,668,498</u>	<u>\$ 21,127,316</u>	
Reconciliation to GAAP basis:				
Cumulative difference between GAAP basis fund balance and budget basis at beginning of the year.			1,450,297	
Change in receivables			(1,449,908)	
Change in prepaid expenses			378,066	
Change in accounts payable and accrued liabilities			27,357	
Change in deferred revenue			1,158,886	
Change in deferred inflow of resources			1,726,818	
Fund balance-ending, GAAP basis			<u>\$ 24,418,832</u>	

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.43%	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	\$ 108,140,112	\$ 96,690,541	\$ 66,209,115	\$ 89,548,564	\$ 83,889,299	\$ 76,682,653	\$ 78,839,106	\$ 77,115,794	\$ 66,314,940
City's covered employee payroll	\$ 31,871,788	\$ 30,334,997	\$ 29,779,571	\$ 30,784,850	\$ 29,049,508	\$ 29,443,354	\$ 29,466,560	\$ 27,548,362	\$ 26,071,663
City's proportionate share of the net pension liability as a percentage of covered employee payroll	339.30%	298.99%	222.33%	290.89%	270.09%	260.44%	267.65%	279.93%	248.65%
Plan fiduciary net position as a percentage of total pension liability	55.70%	59.03%	70.44%	58.97%	61.39%	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 NINE FISCAL YEARS

	Public Employee's System Defined Benefit Pension Plan	2022	Public Employee's System Defined Benefit Pension Plan	2021	Public Employee's System Defined Benefit Pension Plan	2020	Public Employee's System Defined Benefit Pension Plan	2019	Public Employee's System Defined Benefit Pension Plan	2018	Public Employee's System Defined Benefit Pension Plan	2017	Public Employee's System Defined Benefit Pension Plan	2016	Public Employee's System Defined Benefit Pension Plan	2015
Contractually required contributions	\$ 5,545,684	\$ 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																
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 31,871,788	\$ 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%	17.40%	16.12%	15.76%	15.75%	15.79%	15.82%							

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.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2023**

**NOTE 1: CHANGES IN ASSUMPTIONS**

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

- 2023
  - The investment rate of return assumption was changed from 7.55% to 7.00%.
  - The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
  - Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
  - The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
  - For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
  - The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
  - The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.
- 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 Disabled 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%.

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2023**

**NOTE 1: CHANGES IN ASSUMPTIONS (Continued)**

- 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 Disabled 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%.
  - 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.

**CITY OF BILOXI, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**SEPTEMBER 30, 2023**

**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.

**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, 2021 valuation for the June 30, 2023 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	26.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 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 NINE FISCAL YEARS

	2023	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%	100.00%
City's proportionate share of the net pension liability	\$ 12,276,619	\$ 12,074,670	\$ 11,179,056	\$ 11,447,016	\$ 10,790,494	\$ 11,328,337	\$ 12,795,007	\$ 13,916,320	\$ 14,111,051
City's covered employee payroll	N/A	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	N/A
Plan fiduciary net position as a percentage of total pension liability	28.97%	40.15%	46.11%	41.12%	44.74%	44.07%	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 year 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 NINE FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,669,089	\$ 1,305,216	\$ 1,314,172	\$ 1,082,860	\$ 1,264,102	\$ 1,393,369	\$ 1,332,719	\$ 1,335,694	\$ 1,339,210
Contributions in relation to contractually required contribution	\$ 1,669,089	\$ 1,305,216	\$ 1,314,172	\$ 1,082,860	\$ 1,264,102	\$ 1,393,369	\$ 1,332,719	\$ 1,335,694	\$ 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	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	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, 2023**

**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, 2023 were based on the June 30, 2021 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:	
Inflation	2.40%
Salary Increases	N/A
Investment rate of return	6.05%, net of pension plan investment expense, including inflation

**COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS**



CITY OF BILOXI, MISSISSIPPI  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2023

	Special Revenue						
	Community Development Block Grant	Employees' Disability & Relief Fund	Employees' State Unemployment Fund	City Bicentennial Trust Fund	Baseball Capital Maintenance Fund	Friends of the Saeeger Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 28,150	\$ 82,544	\$ 440,964	\$ 34,497	\$ 110,044	\$ 52,720	
Receivable, net	-	8,385	-	-	-	-	
Taxes	2,098,325	-	-	-	-	-	
Leases	6,047	-	-	-	-	-	
Accrued interest - leases	20,457	-	-	-	-	-	
Other	-	-	-	-	-	-	
Total assets	\$ 2,152,979	\$ 90,929	\$ 440,964	\$ 34,497	\$ 110,044	\$ 52,720	
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 15,646	\$ 8,385	\$ -	\$ -	\$ -	\$ -	
Total liabilities	15,646	8,385	-	-	-	-	
Deferred inflows of resources:							
Deferred inflows on lease receivables	2,066,868	-	-	-	-	-	
Fund balances:							
Nonspendable	31,457	-	-	-	-	-	
Lease receivables, net of related deferred inflows of resources	39,008	82,544	440,964	34,497	110,044	52,720	
Committed	70,465	82,544	440,964	34,497	110,044	52,720	
Other	-	-	-	-	-	-	
Total fund balances	\$ 2,152,979	\$ 90,929	\$ 440,964	\$ 34,497	\$ 110,044	\$ 52,720	
Total liabilities and fund balances							

CITY OF BILOXI, MISSISSIPPI  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS, Continued  
 SEPTEMBER 30, 2023

	Capital Projects					Total Non-Major Governmental Funds
	2014A Bond Fund	2022 Bond Fund	2017 Bond Fund	Walmart TIF I & II Projects Fund	2019 GO Capital Project Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 748,919
Restricted assets:						
Cash and cash equivalents	-	13,832,068	-	-	3,747,082	17,579,150
Receivable, net						
Taxes	-	-	-	-	-	8,385
Leases	-	-	-	-	-	2,098,325
Accrued interest - leases	-	-	-	-	-	6,047
Other	-	-	-	-	-	20,457
Total assets	\$ -	\$ 13,832,068	\$ -	\$ -	\$ 3,747,082	\$ 20,461,283
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,031
Total liabilities	-	-	-	-	-	24,031
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows on lease receivables	-	-	-	-	-	2,066,868
Fund balances:						
Nonspendable						
Lease receivables, net of related deferred inflows of resources	-	-	-	-	-	31,457
Restricted						
Capital improvements	-	13,832,068	-	-	3,747,082	17,579,150
Committed						
Other	-	-	-	-	-	759,777
Total fund balances	-	13,832,068	-	-	3,747,082	18,370,384
Total liabilities and fund balances	\$ -	\$ 13,832,068	\$ -	\$ -	\$ 3,747,082	\$ 20,461,283

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, 2023

	Special Revenue					
	Community Development Block Grant	Employees' Disability & Relief Fund	Employees' State Unemployment Fund	City Bicentennial Trust Fund	Baseball Capital Maintenance Fund	Friends of the Saenger Fund
<b>REVENUES</b>						
Ad valorem taxes	\$ -	\$ 775,407	\$ -	\$ -	\$ -	\$ -
Property taxes	-	362,225	-	-	-	-
Intergovernmental	421,450	-	-	-	-	-
Charges for services	-	-	-	-	25,000	-
Lease revenue	109,745	-	-	-	-	-
Interest income - leases	37,702	-	-	-	-	-
Investment earnings	-	-	20,677	1,235	-	1,134
Miscellaneous - other	47,366	-	0	-	25,000	51,586
Total revenues	<u>616,263</u>	<u>1,137,632</u>	<u>20,677</u>	<u>1,235</u>	<u>50,000</u>	<u>52,720</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	161,996	-	-	-	-
Public safety	-	893,092	-	-	-	-
Cultural and recreation	-	-	-	-	68,635	-
Community development	602,113	-	-	-	-	-
Other expenditure	-	-	2,519	-	-	-
Total expenditures	<u>602,113</u>	<u>1,055,088</u>	<u>2,519</u>	<u>-</u>	<u>68,635</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>14,150</u>	<u>82,544</u>	<u>18,158</u>	<u>1,235</u>	<u>(18,635)</u>	<u>52,720</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	50,000	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	14,150	82,544	18,158	1,235	31,365	52,720
Fund balances - beginning	56,315	-	422,806	33,262	78,679	-
Fund balances - ending	<u>\$ 70,465</u>	<u>\$ 82,544</u>	<u>\$ 440,964</u>	<u>\$ 34,497</u>	<u>\$ 110,044</u>	<u>\$ 52,720</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, 2023**

	Capital Projects					Total Non-Major Governmental Funds
	General Obligation Public Improvement					
	2014A Bond Fund	2022 Bond Fund	2017 Bond Fund	Walmart TIF 1 & II Projects Fund	2019 GO Capital Project Fund	
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 775,407
Ad valorem taxes	-	-	-	-	-	362,225
Property taxes	-	-	-	-	-	421,450
Intergovernmental	-	-	-	-	-	25,000
Charges for services	-	-	-	-	-	109,745
Lease revenue	-	-	-	-	-	37,702
Interest income - leases	-	-	-	-	-	619,681
Investment earnings	598	434,211	4,074	-	157,752	127,095
Miscellaneous - other	-	-	-	3,143	-	-
Total revenues	598	434,211	4,074	3,143	157,752	2,478,305
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	161,996
Public safety	-	-	-	-	-	893,092
Cultural and recreation	-	-	-	-	-	68,635
Community development	-	-	-	-	-	662,113
Other Expenditure	-	-	-	-	-	2,419
Total expenditures	-	-	-	-	-	1,728,355
Excess (deficiency) of revenues over expenditures	598	434,211	4,074	3,143	157,752	749,950
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	50,000
Transfers out	(33,828)	(367,079)	(256,723)	(3,143)	(645,967)	(1,306,740)
Total other financing sources and uses	(33,828)	(367,079)	(256,723)	(3,143)	(645,967)	(1,256,740)
Net change in fund balances	(33,230)	67,132	(252,649)	-	(488,215)	(506,790)
Fund balances - beginning	33,230	13,764,936	252,649	-	4,235,297	18,877,174
Fund balances - ending	\$ -	\$ 13,832,068	\$ -	\$ -	\$ 3,747,082	\$ 18,370,384

See independent auditor's report.

**COMBINING FINANCIAL STATEMENTS  
INTERNAL SERVICE FUNDS**

**CITY OF BILOXI**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**SEPTEMBER 30, 2023**

	<u>Liability, Property, and Workers Comp</u>	<u>Employee Medical Claims</u>	<u>Gaming Revenue Interruption</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,867,610	\$ (11,109)	\$ 89,870	\$ 2,946,371
Accounts receivables, net	-	215,839	-	215,839
Due from other funds	567,898	-	-	567,898
Total current assets	<u>3,435,508</u>	<u>204,730</u>	<u>89,870</u>	<u>3,730,108</u>
<b>LIABILITIES</b>				
Current liabilities:				
Claims and judgments	<u>2,464,892</u>	<u>1,234,776</u>	<u>-</u>	<u>3,699,668</u>
Total current liabilities	<u>2,464,892</u>	<u>1,242,581</u>	<u>-</u>	<u>3,707,473</u>
Total liabilities	<u>2,464,892</u>	<u>1,242,581</u>	<u>-</u>	<u>3,707,473</u>
<b>NET ASSETS</b>				
Unrestricted	970,616	(1,037,851)	89,870	22,635
Total net assets	<u>\$ 970,616</u>	<u>\$ (1,037,851)</u>	<u>\$ 89,870</u>	<u>\$ 22,635</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, 2023**

	Liability, Property and Workers Comp	Employee Medical Claims	Gaming Revenue Interruption	Total Internal Service Funds
<b>REVENUES</b>				
Charges for services, insurance billings	\$ 5,730,694	\$ 8,356,389	\$ -	\$ 14,087,083
Cobra contributions	-	148,549	-	148,549
Total operating revenues	<u>5,730,694</u>	<u>8,504,938</u>	<u>-</u>	<u>14,235,632</u>
<b>OPERATING EXPENSES</b>				
Insurance and reinsurance	4,425,241	918,897	-	5,344,138
Claims expense	1,305,451	7,985,091	-	9,290,542
Total operating expenses	<u>5,730,692</u>	<u>8,903,988</u>	<u>-</u>	<u>14,634,680</u>
Operating income (loss)	<u>2</u>	<u>(399,050)</u>	<u>-</u>	<u>(399,048)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	-	-	4,196	4,196
Total non-operating revenue (expenses)	<u>-</u>	<u>-</u>	<u>4,196</u>	<u>4,196</u>
Income (loss) before contributions and transfers	2	(399,050)	4,196	(394,852)
Transfers in	-	349,555	-	349,555
Change in net position	<u>2</u>	<u>(49,495)</u>	<u>4,196</u>	<u>(45,297)</u>
Total net position - beginning	970,614	(988,356)	85,674	67,932
Total net position - ending	<u>\$ 970,616</u>	<u>\$ (1,037,851)</u>	<u>\$ 89,870</u>	<u>\$ 22,635</u>

See independent auditor's report

**OTHER SUPPLEMENTARY INFORMATION**



**CITY OF BILOXI, MISSISSIPPI  
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS  
SEPTEMBER 30, 2023**

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***

January 7, 2025

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, 2023, 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 January 7, 2025.

***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 IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

January 7, 2025

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, 2023. 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, 2023.

*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.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- 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 2023-001. 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 2023-001, 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, 2023**

Grantor Federal Agency Passed - Through Agency Program Title	ALN Number	Grant No./ Pass-Through Grantee No.	Federal Expenditures
<b>US DEPARTMENT OF TRANSPORTATION</b>			
<i>Federal Highway Administration</i>			
<i>Passed through the State of Mississippi</i>			
<i>Department of Transportation</i>			
<i>Highway Planning and Construction Cluster</i>			
DHP	20.205	DHP-9376-00(009)LPA/106253-8010	\$ 1,394,974
STP	20.205	STPD-9376-00(004)LPA/10484-811000	157,618
STP	20.205	STP-7833-99(003)LPA/107931/701000	618,601
STP	20.205	STP-005-00(58)LPA/109135-711000	23,982
<i>Highway Planning and Construction Cluster Total</i>			<u>2,195,175</u>
<b>Total US Department of Transportation</b>			<u><b>2,195,175</b></u>
<b>US DEPARTMENT OF JUSTICE</b>			
Public Safety Partnership and Community Policing	16.710	2016JMX0176	43,732
Public Safety Partnership and Community Policing	16.710	2020JMX0430	278,713
<b>Total US Department of Justice</b>			<u><b>322,445</b></u>
<b>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through Mississippi Development Authority</i>			
CDBG - 2019	14.218	B-19-MC-28-001	142,428
CDBG - 2020	14.218	B-20-MC-28-001	229,908
CDBG - 2022	14.218	B-22-MW-28-001	49,114
<b>Total US Department of Housing and Urban Development</b>			<u><b>421,450</b></u>
<b>US DEPARTMENT OF TREASURY</b>			
American Rescue Plan	21.027	64-6000153	1,062,589
<i>Passed through Mississippi Department of Environmental Quality</i>			
American Rescue Plan	21.027	MDEQ-C1065	649,021
American Rescue Plan	21.027	MDEQ-C1078	406,068
			<u>1,055,089</u>
Restore Act	21.015	21-00259	1,245,893
<b>Total US Department of Treasury</b>			<u><b>3,363,571</b></u>
<b>US DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed through Mississippi Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW11253	21,156,777
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW110	67,210
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW261	36,370
		PW318	182,250
		PW297	43,624
		PW493	1,770
		PW474	556,690
		PW259	1,850
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW133	16,847
<i>Passed through Mississippi Department of Public Safety</i>			
Homeland Security - Fencing Public Safety Building	97.067	EMW-2020-SS-00033 20 LE122R	62,000
Homeland Security: EAP	97.044	EMW-2020-FG-14167	66,839
Homeland Security: Bomb Squad	97.067	22LE122B	55,744
Homeland Security: Project Safe Neighborhoods	97.067	2020-GP-BX-0034	37,174
Homeland Security: Bomb Squad	97.067	21LE122B	63,210
<b>Total US Department of Homeland Security</b>			<u><b>22,348,355</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 28,650,996</b></u>



**CITY OF BILOXI, MISSISSIPPI  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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, 2023 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, 2023:

Governmental Activities	
Public safety - operating grants and contributions	\$ 377,326
Public safety - capital grants and contributions	322,445
Public works - capital grants and contributions	29,914,728
Public works - operating grants and contributions	34,780
Community development - operating grants and contributions	421,450
Grants not restricted to specific purpose	<u>1,455,747</u>
Business-type Activities	
Water and Sewer - capital grants and contributions	<u>687,986</u>
Total grants and contributions	33,214,462
Less: state grants and other aid	(2,610,502)
Less: other contributions	<u>(1,952,964)</u>
Total expenditures of federal awards	<u><u>\$ 28,650,996</u></u>

**CITY OF BILOXI, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**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 federal 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:

ALN Numbers	Name of Federal Programs
97.036	<i>Disaster Grants – Presidentially Declared Disasters</i>
20.205	<i>Highway Planning and Construction</i>
21.027	<i>Coronavirus State and Local Fiscal Recovery Funds</i>
21.015	<i>Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States</i>

Dollar threshold used to distinguish between type A and type B Programs \$859,530

Auditee qualified as low-risk auditee? No

**CITY OF BILOXI, MISSISSIPPI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings**

**2023-001 – Significant Deficiency**

*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).

*Condition*

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

*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 96 – Subscription-based Information Technology Arrangements.

*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, 2023**

**2023-001 – 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 96 – Subscription-based Information Technology Arrangements. The City continues their efforts to improve processes and have a routine audit schedule beginning with fiscal year 2024.

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, 2023**

**Finding 2022-001 – 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 2024.

**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 2024.



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

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

January 7, 2025

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, 2023 and have issued our report dated January 7, 2025. 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*

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