

# By the numbers

## Biloxi's municipal finances have always been feast or famine, and 2020 presented its own share of challenges

It's become a political football over the years: With eight casinos, more than any other city in the Southeast, and as many as 13 million visitors a year, Biloxi ought to be flush with cash, they'd say. "We're healthy, not wealthy," longtime Mayor A.J. Holloway used to say when questioned about the city's finances. Fact is, he'd say, the majority of the money is committed – "encumbered" was the word – for improvements in service and services, new facilities and general financial standing.

Truth is, in the 25 years since gaming was legalized, Biloxi – which receives 3 percent, or about \$20 million a year, in gaming taxes – found itself in a position where city services, namely Police and Fire, had to be ramped up to a level to accommodate a huge building boom and an increase in millions of visitors. Fueled by the attraction of casino resorts, Biloxi saw its visitors increase from a million a year to 20 million pre-Katrina, and today at 13 million, tourism leaders say.

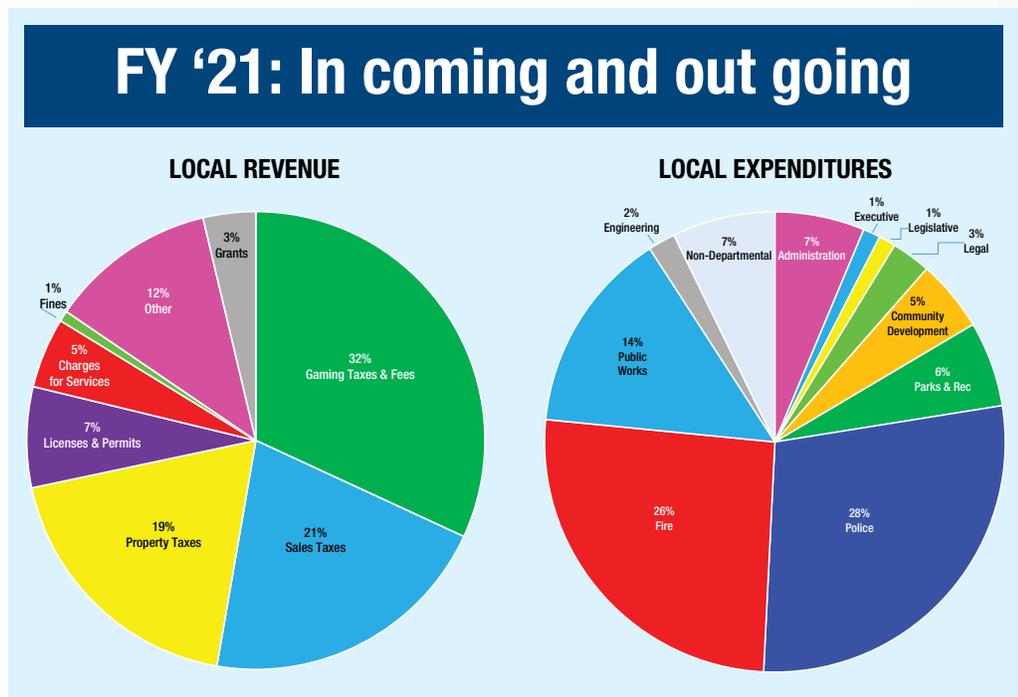
The recurring cost of basic city services, fueled by the new demand, expanded. For instance, Police and Fire budgets, at \$5 million combined a year pre-gaming, today are at \$34 million, half of the city's operating budget, owing to the increase in police officers, firefighters, fire stations, fire trucks, police cars and all the equipment needed to keep residents and visitors safe.

In Biloxi, where property taxpayers fund only 19 percent of city operations, the city has had a history since gaming arrived in 1992 of underestimating revenue, overestimating expenses and using its financial reserves to help offset any operating shortfalls.

This year is no different. The city begins the year with an \$8 million beginning fund balance, which will help offset any differences in revenues and expenditures.

In recent years, the Gilich administration has implemented long-suggested measures of having such services as water, sewer and garbage collection funded by reasonable rate structures and not subsidized by other revenue. (Even with increases this year – 30 cents a month on garbage and recycling collection and less than 35 cents a month on the average water and sewer bill – Biloxians pay the lowest fees of any city around us.)

In fact, from October through March of 2020, the first six months of FY 20, Biloxi was set to achieve new milestones. All revenue streams were on the increase.



Enter the coronavirus pandemic, which essentially shut down Biloxi's hospitality-based economy for two months and had a chilling effect on the city's top two revenue streams: gaming and sales taxes, which account for two thirds of the city's annual operating revenue.

But the lingering pandemic was only the beginning. Forget not storms named Cristobal, Laura and Marco. Each of the events increased expenses while reducing revenue.

"Fiscal Year 2020 has been rough on everyone," Mayor Andrew "FoFo" Gilich said. "However, when the COVID-19 pandemic struck at the middle of our fiscal year, our financial position was well ahead of budget for the year at that point.

"We took immediate action to minimize spending through the remainder of the fiscal year. All travel was canceled, a hiring freeze was put in place, we tightened belts, and we

refinanced some of our long-term debt, which we had been looking to do for more than a year. In the refinancing alone, we saved \$1.5 million. So, despite \$5 million in lost revenue during the FY '20 Fiscal Year, we will have managed to finish the budget year in positive territory.

"As we enter FY '21, revenues have returned to near normal, but our forecast for the fiscal year remains conservative. The new budget will allow us to maintain services, especially in the areas of public safety, while continuing to do the things we must do to keep our community safe, grow our economy and improve our quality of life.

"As I've said all along, a budget is a projection, which will be adjusted as needed. The biggest consideration is to do the things you must do, enhance services where you can and do it all without raising anybody's taxes."