

CITY OF BILOXI, MISSISSIPPI

FINANCIAL REPORT

SEPTEMBER 30, 2024



CITY OF BILOXI, MISSISSIPPI
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INTRODUCTORY SECTION

**CITY OF BILOXI, MISSISSIPPI
LISTING OF CITY OFFICIALS
SEPTEMBER 30, 2024**

ELECTED OFFICIALS

Mayor	Andrew “FoFo” Gilich
Councilman– Ward 1	George Lawrence
Councilman – Ward 2	Felix Gines
Councilman – Ward 3	Dixie Newman
Councilman – Ward 4	Rodney McGilvary
Councilman – Ward 5	Paul Tisdale
Councilman – Ward 6	Kenny Glavan
Councilman – Ward 7	David Shoemaker

APPOINTED OFFICIALS

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

INDEPENDENT AUDITOR'S REPORT



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

INDEPENDENT AUDITOR'S REPORT

June 27, 2025

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Biloxi, Mississippi (City), as of and for the year ended September 30, 2024, 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, each major fund, and the aggregate remaining fund information of the City of Biloxi, Mississippi, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 opinions.

Emphasis of Matter

As described in Note 15 to the basic financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 101, Compensated Absences. 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 the 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 5-13, 60-61 and 62-69, 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
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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 the City of Biloxi, Mississippi's basic financial statements. The combining nonmajor fund financial statements on pages 70-73, and schedule of expenditures of federal awards on page 80 as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of surety bonds for city officials on page 74, 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 were derived from and relate 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, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Listing of City Officials on page 1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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, 2024

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, 2024. 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 2024 fiscal year include the following:

- The assets and deferred outflows of the City of Biloxi exceeded its liabilities and deferred inflows at September 30, 2024 by \$583,847,611 (net position). By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related outstanding debt used to acquire or construct those assets. The City of Biloxi uses these tangible capital assets to provide services to citizens and business; consequently, these assets are not available for future spending. Although the City of Biloxi's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves are not expected to be used to liquidate these liabilities.
- The total net position of the City of Biloxi increased by \$962,447. The increase is comprised of current year net position decrease of \$7,230,959 and prior period adjustments increase of \$3,121,551 for governmental activities and current year net position increase of \$4,844,834 and prior period of adjustments increase of \$227,021 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 \$35,615,579, an increase of \$1,748,606 in comparison with the prior year. Of this amount, \$16,156,162 was restricted for capital improvements, \$5,952,753 was committed for debt service and other, \$3,700,236 was nonspendable in the form of prepaid assets and lease receivables, net of related deferred inflows of resources, and \$9,806,428 was unassigned.
- At the end of the current fiscal year, the General Fund had an unassigned balance of \$18,303,590, or 23.2% of the total General Fund expenditures.
- The City of Biloxi's total outstanding long-term debt decreased by \$2,280,808, or 2.5%, during the current fiscal year. The City of Biloxi issued \$5,000,000 in general obligation bonds on May 15, 2024, and entered into three (3) equipment installment loans totaling \$2,182,747 for the purchase of city vehicles.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2024

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.

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.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2024

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.

The City of Biloxi maintains nine (9) 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, Capital Projects Fund and Debt Service Fund, all of which are considered to be major funds. Data for the other 6 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, 2024

Government-Wide Financial Analysis

City of Biloxi's Net Position
September 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	107,758,694	111,908,857	30,395,954	25,992,571	138,154,648	137,901,428
Capital assets	336,616,882	337,601,092	395,681,062	386,242,310	732,297,944	723,843,402
Total assets	444,375,576	449,509,949	426,077,016	412,234,881	870,452,592	861,744,830
Deferred outflows of resources-pension	15,982,992	20,115,627	1,099,407	1,365,862	17,082,399	21,481,489
Current and other liabilities	34,443,256	35,019,233	4,314,039	4,234,761	38,757,295	39,253,994
Long-term liabilities	189,955,830	190,036,914	18,787,259	19,493,506	208,743,089	209,530,420
Total liabilities	224,399,086	225,056,147	23,101,298	23,728,267	247,500,384	248,784,414
Deferred inflows of resources-pension	-	2,385,531	-	164,201	-	2,549,732
Deferred inflows of resources-leases	45,716,559	47,831,565	10,470,441	1,175,442	56,187,000	49,007,007
Total deferred inflows of resources	45,716,559	50,217,096	10,470,441	1,339,643	56,187,000	51,556,739
Net position:						
Net investment in capital assets	269,846,784	252,271,385	383,427,222	373,024,404	653,274,006	625,295,789
Restricted	9,529,267	10,201,503	213,557	104,852	9,742,824	10,306,355
Unrestricted	(89,133,126)	(68,120,555)	9,963,907	15,403,575	(79,169,219)	(52,716,980)
Total net position	190,242,925	194,352,333	393,604,686	388,532,831	583,847,611	582,885,164

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 \$583,847,611.

The City of Biloxi's net position increased by \$962,447 in fiscal year 2024. The increase is comprised of current year net position decrease of \$2,386,125 and prior period adjustments increase of \$3,348,572.

The largest portion of the City of Biloxi's net position, totaling \$653,274,006, or 111.9%, 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, 2024

City of Biloxi's Changes in Net Position
September 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	10,637,976	9,452,783	19,584,856	18,991,649	30,222,832	28,444,432
Operating grants and contributions	1,841,475	833,556	-	-	1,841,475	833,556
Capital grants and contributions	17,815,494	30,237,173	955,522	687,986	18,771,016	30,925,159
General revenues:						
Property taxes	22,314,458	21,749,698	2,903,497	2,493,126	25,217,955	24,242,824
Sales tax	14,707,387	14,925,493	-	-	14,707,387	14,925,493
Gaming taxes	24,179,715	24,261,019	-	-	24,179,715	24,261,019
Franchise and utility taxes	3,102,047	3,363,726	-	-	3,102,047	3,363,726
Other revenue	14,207,130	12,698,588	805,321	555,760	15,012,451	13,254,348
Total revenues	108,805,682	117,522,036	24,249,196	22,728,521	133,054,878	140,250,557
Expenses:						
General government	18,796,289	12,572,419	-	-	18,796,289	12,572,419
Culture and recreation	8,634,093	8,001,517	-	-	8,634,093	8,001,517
Public safety	47,190,820	48,570,995	-	-	47,190,820	48,570,995
Public works	18,915,675	29,078,363	-	-	18,915,675	29,078,363
Community development	7,289,470	5,601,629	-	-	7,289,470	5,601,629
Interest on long-term debt	2,165,941	2,804,358	-	-	2,165,941	2,804,358
Water and sewer	-	-	27,278,007	22,683,874	27,278,007	22,683,874
Biloxi Port fund	-	-	5,170,708	4,892,802	5,170,708	4,892,802
Total expenses	102,992,288	106,629,281	32,448,715	27,576,676	135,441,003	134,205,957
Increase(Decrease) in net position						
before transfers	5,813,394	10,892,755	(8,199,519)	(4,848,155)	(2,386,125)	6,044,600
Transfers	(13,044,353)	(54,944,634)	13,044,353	54,595,079	-	(349,555)
Changes in net position	(7,230,959)	(44,051,879)	4,844,834	49,746,924	(2,386,125)	5,695,045
Net position, beginning of year	194,352,333	239,501,554	388,532,831	344,569,965	582,885,164	584,071,519
Prior period adjustment	3,121,551	(1,097,342)	227,021	(5,784,058)	3,348,572	(6,881,400)
Net position, beginning as restated	197,473,884	238,404,212	388,759,852	338,785,907	586,233,736	577,190,119
Net position, end of year	190,242,925	194,352,333	393,604,686	388,532,831	583,847,611	582,885,164

Government activities

Governmental activities accounted for \$190,242,925, or 32.6% of the total net position. Governmental revenues decreased by approximately \$8.7 million primarily due to decreases in program revenues. Capital grants and contributions revenue decreased by \$12,421,679, while charges for services and operating grants and contributions increased by \$1,185,193 and \$1,007,919, respectively. The decrease in program revenues is directly related to the completion of capital projects. Tax revenues for the year were flat and other revenue increased, mainly due to donated subdivisions. Governmental expenses decreased by approximately \$3.6 million. Construction in progress expensed in the current fiscal year decreased by \$10,475,594 as compared to the prior fiscal year, offset by operational increases in products and services, health insurance, general liability and property insurances, retirement contributions, and county jail charges. The ending net position for the prior fiscal year was increased by \$3,121,551 due to the implementation of GASB 101 – Compensated Absences. Additional information on the prior period adjustment can be found in Note 15 on page 58 of this report.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2024

Business-type activities

Business-type activities account for \$393,604,686, or 67.4% of the total net position. Business-type revenues increased mainly due to customer growth from housing and apartment developments, the completion of the floating docks at the port and ad valorem tax revenue from the port one mill. The increase in business-type expenses is primarily related to depreciation expense. The ending net position for the prior fiscal year was increased by \$227,021 due to the implementation of GASB 101 – Compensated Absences. Additional information on the prior period adjustment can be found in Note 15 on page 58 of this report.

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 \$35.6 million, an increase of \$1.8 million in comparison with the prior fiscal year. Of the \$35.6 million ending fund balance, \$9,806,428, or 27.5% 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	\$ 3,700,236
Restricted	16,156,162
Committed	5,952,753

- The General Fund is the principal operating fund of the City of Biloxi. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18,303,590. The total unassigned is available for spending at the City Council's discretion. The fund has a balance of \$23,421,836 at the end of the current fiscal year, down \$996,996 to the prior fiscal year.
- The Capital Projects Fund has a total fund balance of \$7,659,000. This fund balance is committed by the City Council to be used for capital projects.
- 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 \$3,757,034.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2024

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 12, 2023. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into three categories: (1) amendment made to adjust estimates that are used to prepare the original budget once exact information is available, (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants, and (3) increases in appropriations that become necessary to maintain operations or changes in law (i.e., increase in retirement contribution). Total amendments to the General Fund increased revenues by \$381,320, mainly for federal and state grants. Total actual revenues exceeded amended budgeted amounts by \$566,229. Total actual expenditures were \$5,498,841 less than amended budgeted amounts, most of which relate to expenditures lower than budget in public safety and public works. Public safety and public works continue to experience personnel shortages as well as delays in receipt of capital expenditure orders.

Capital Assets and Debt Administration

Capital Assets: The City of Biloxi's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$732.3 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	
	2024	2023	2024	2023	2024	2023
Land	46,951,911	46,533,123	718,161	718,161	47,670,072	47,251,284
Buildings	99,576,124	99,155,619	-	-	99,576,124	99,155,619
Improvements other than buildings	24,557,660	21,395,845	-	-	24,557,660	21,395,845
Machinery and equipment	15,538,202	13,068,906	2,901,738	1,571,485	18,439,940	14,640,391
Infrastructure - streets and drainage	131,831,185	116,624,390	-	-	131,831,185	116,624,390
Right of use assets-leases	498,076	645,339	8,643	51,627	506,719	696,966
Right of use assets-subscriptions	1,819,095	2,385,550	245,023	305,884	2,064,118	2,691,434
Water and sewer system	-	-	304,569,026	308,781,838	304,569,026	308,781,838
Port building and improvements	-	-	29,366,318	24,113,059	29,366,318	24,113,059
Construction in progress	15,844,629	37,792,320	57,872,153	50,700,256	73,716,782	88,492,576
Total capital assets	336,616,882	337,601,092	395,681,062	386,242,310	732,297,944	723,843,402

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2024

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

- Katrina Infrastructure Project
- Popp's Ferry Extension
- Sports Complex Field Improvements
- Point Cadet Marina Improvements
- 321 Division Street Acquisition
- Tanglewood Infrastructure Project
- Shriners Boulevard Water Sewer Extension

Additional information on the City of Biloxi's capital assets can be found in Note 5 on pages 37-38 of this report.

Long-term Debt: At the end of the current fiscal year, the City of Biloxi had total debt outstanding of \$89.5 million. Of this amount, \$66.7 million comprises debt backed by the full faith and credit of the City of Biloxi. The following table summarizes debt outstanding at September 30, 2024 and 2023.

City of Biloxi's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	54,663,000	53,992,000	-	-	54,663,000	53,992,000
Premium on bonds	388,099	-	-	-	388,099	-
Tax increment bonds	11,677,658	13,940,694	-	-	11,677,658	13,940,694
Capital lease payable	8,368,511	7,806,148	-	-	8,368,511	7,806,148
Lease payable	513,414	655,068	8,691	51,754	522,105	706,822
Subscription payable	1,726,147	2,260,106	290,288	342,009	2,016,435	2,602,115
Water/sewer notes payable	-	-	5,948,535	6,434,036	5,948,535	6,434,036
Limited tax port bonds	-	-	5,465,000	5,790,000	5,465,000	5,790,000
Drinking water loan	-	-	538,766	597,102	538,766	597,102
	<u>77,336,829</u>	<u>78,654,016</u>	<u>12,251,280</u>	<u>13,214,901</u>	<u>89,588,109</u>	<u>91,868,917</u>

The City's debt had a net decrease of \$1,317,187 in governmental and \$963,621 in business-type funds, for a total decrease of \$2,280,808. Principal payments during the current fiscal year totaled \$9,968,915, and were offset by the issuance of a new general obligation bond at a premium, \$5,388,099, three equipment installment loans totaling \$2,182,747, and GASB 87 leases totaling \$117,261.

On May 7, 2024, 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 September 30, 2024 was \$86.1 million.

Additional information on the City of Biloxi's long-term debt can be found in Note 8 on pages 40-43 of this report.

CITY OF BILOXI, MISSISSIPPI
Management's Discussion and Analysis
September 30, 2024

Economic Factors and Next Year's Budgets and Rates

For fiscal year 2025, the City expects ad valorem tax dollars to increase 3.8% due to development and improvements. Sales tax dollars and gaming tax dollars are expected to remain consistent with prior year. The starting hourly wage is set to increase to \$15.00 per hour to remain competitive and retain qualified employees, with an across the board percentage increase applied to other positions. The sworn officer compensation schedule has been reevaluated and modified upward to attract and retain police officers. The City plans to continue to focus on beautification and improve its current level of services for its citizens. Infrastructure work will continue, advancing to West Biloxi. The City also expects construction on the Popp's Ferry Road extension to begin in fiscal year 2025. Connecting Popp's Ferry Road to Highway 90 affords additional state/federal funding opportunities to improve the Popp's Ferry Bridge.

Requests for Information

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

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BILOXI, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Exhibit A

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 18,530,313	\$ 10,964,635	\$ 29,494,948
Receivables, net	4,265,942	2,114,433	6,380,375
Lease receivables, current	2,552,486	598,792	3,151,278
Due from other governmental agencies	9,751,275	4,419,660	14,170,935
Due from other funds	108,940	-	108,940
Prepaid expenses	2,770,387	39,194	2,809,581
Restricted assets:			
Cash and cash equivalents	25,685,429	2,361,095	28,046,524
Lease receivables, noncurrent	44,093,922	9,898,145	53,992,067
Capital assets			
Nondepreciable assets	62,796,540	58,590,314	121,386,854
Right of use assets, net of amortization	2,317,171	253,630	2,570,801
Depreciable assets, net of depreciation	271,503,171	336,837,118	608,340,289
Total capital assets	<u>336,616,882</u>	<u>395,681,062</u>	<u>732,297,944</u>
Total assets	<u>444,375,576</u>	<u>426,077,016</u>	<u>870,452,592</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pension liability	<u>15,982,992</u>	<u>1,099,407</u>	<u>17,082,399</u>
LIABILITIES			
Accounts payable	5,469,629	837,848	6,307,477
Due to other funds	-	108,940	108,940
Retainage payable	3,424,050	-	3,424,050
Claims payable	3,894,989	-	3,894,989
Accrued interest	20,531	2,560	23,091
Unearned revenues	9,346,712	90,488	9,437,200
Payable from restricted assets:			
Accounts payable	-	25,623	25,623
Customer deposits	-	2,147,538	2,147,538
Long-term liabilities:			
Due within one year			
Bonds, notes payable, and installment loans	9,554,946	888,550	10,443,496
Lease liabilities	220,797	3,338	224,135
Subscription liabilities	448,246	53,863	502,109
Compensated absences	2,082,759	155,289	2,238,048
Due in more than one year			
Bonds, notes payable, and installment loans	65,542,322	11,063,751	76,606,073
Lease liabilities	292,617	5,353	297,970
Subscription liabilities	1,277,901	236,425	1,514,326
Proportionate share of collective net pension liability	120,688,060	7,332,081	128,020,141
Compensated absences	2,135,525	149,649	2,285,174
Total liabilities	<u>224,399,084</u>	<u>23,101,296</u>	<u>247,500,380</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on lease receivables	<u>45,716,559</u>	<u>10,470,441</u>	<u>56,187,000</u>
	45,716,559	10,470,441	56,187,000
NET POSITION			
Invested in capital assets, net of related debt	269,846,784	383,427,222	653,274,006
Restricted for:			
Debt service	-	213,557	213,557
Capital improvements	9,529,267	-	9,529,267
Unrestricted	<u>(89,133,126)</u>	<u>9,963,907</u>	<u>(79,169,219)</u>
Total net position	<u>\$ 190,242,925</u>	<u>\$ 393,604,686</u>	<u>\$ 583,847,611</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, 2024

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
Governmental activities						
General government	\$ 18,796,289	\$ 2,632,547	\$ -	\$ -	\$ (16,163,742)	\$ -
Culture and recreation	8,634,093	402,776	-	-	(8,231,317)	-
Public safety	47,190,820	578,873	364,184	96,287	(46,151,476)	-
Public works	18,915,675	3,976,313	307,580	17,719,207	3,087,425	-
Community development	7,289,470	3,047,467	1,169,711	-	(3,072,292)	-
Interest on long-term debt	2,165,941	-	-	-	(2,165,941)	-
Total governmental activities	102,992,288	10,637,976	1,841,475	17,815,494	(72,697,343)	-
Business-type activities						
Water and sewer	27,278,007	17,674,972	-	955,522	-	(8,647,513)
Biloxi port fund	5,170,708	1,909,884	-	-	(3,260,824)	-
Total business-type activities	32,448,715	19,584,856	-	955,522	(11,908,337)	-
Total primary government	\$ 135,441,003	\$ 30,222,832	\$ 1,841,475	\$ 18,771,016	(72,697,343)	(84,605,680)
General revenues:						
Property taxes, levied for general purposes					22,314,458	2,903,497
Sales taxes					14,707,387	-
Gaming taxes					24,179,715	-
Franchise and utility taxes					3,102,047	-
Other taxes					4,731,425	-
Grants and contributions not restricted to specific programs					1,293,342	-
Interest earnings					1,942,384	712,943
Interest earnings - leases					831,222	89,665
Miscellaneous					5,170,988	-
Sale of assets					237,769	2,713
Transfers					(13,044,353)	13,044,353
Total general revenues and transfers					65,466,384	16,753,171
Change in net position					(7,230,959)	4,844,834
Net position - beginning, as previously stated					194,352,333	388,532,831
Prior period adjustments					3,121,551	227,021
Net position - beginning, as restated					197,473,884	388,759,852
Net position - ending					\$ 190,242,925	\$ 393,604,686

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, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Non- Major Government Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 11,927,067	\$ 533,289	\$ 2,669,657	\$ 771,694	\$ 15,901,707
Restricted Assets:					
Cash and cash equivalents	9,529,267	16,156,162	-	-	25,685,429
Receivables, net					
Taxes	7,457,913	-	50,246	11,039	7,519,198
Leases	44,648,452	-	-	1,997,956	46,646,408
Accrued interest - leases	142,891	-	-	5,756	148,647
Customer accounts, net	268,512	-	-	-	268,512
Other	883,021	-	-	35,635	918,656
Due from other governments	111,266	1,907,958	1,082,799	-	3,102,023
Due from other City funds	4,496,655	-	-	-	4,496,655
Prepaid expenses	2,770,387	-	-	-	2,770,387
Total assets	<u>\$ 82,235,431</u>	<u>\$ 18,597,409</u>	<u>\$ 3,802,702</u>	<u>\$ 2,822,080</u>	<u>\$ 107,457,622</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,134,070	\$ 5,084,361	\$ 45,668	\$ 87,248	\$ 8,351,347
Compensated absences	2,082,759	-	-	-	2,082,759
Due to other funds	430,549	4,496,655	-	-	4,927,204
Unearned revenue	9,406,781	1,357,393	-	-	10,764,174
Total liabilities	<u>15,054,159</u>	<u>10,938,409</u>	<u>45,668</u>	<u>87,248</u>	<u>26,125,484</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on lease receivables	<u>43,759,436</u>	<u>-</u>	<u>-</u>	<u>1,957,123</u>	<u>45,716,559</u>
Fund balances:					
Nonspendable					
Prepays	2,770,387	-	-	-	2,770,387
Lease receivables, net of related deferred inflows of resources	889,016	-	-	40,833	929,849
Restricted					
Capital improvements	-	16,156,162	-	-	16,156,162
Committed					
Debt service	-	-	3,757,034	-	3,757,034
Other	1,458,843	-	-	736,876	2,195,719
Unassigned	18,303,590	(8,497,162)	-	-	9,806,428
Total fund balances	<u>23,421,836</u>	<u>7,659,000</u>	<u>3,757,034</u>	<u>777,709</u>	<u>35,615,579</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 82,235,431</u>	<u>\$ 18,597,409</u>	<u>\$ 3,802,702</u>	<u>\$ 2,822,080</u>	<u>\$ 107,457,622</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, 2024

Total fund balance, governmental funds	\$ 35,615,579
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.	336,132,347
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in the funds.	281,384
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.	981,729
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(2,135,525)
Notes, bonds, and installment loans	(75,097,268)
Lease liabilities	(515,529)
Subscription liabilities	(1,744,563)
Unavailable revenues that provide current financial resources for governmental activities.	1,429,839
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.	(104,705,068)
Net Position of Governmental Activities in the Statement of Net Position (Exhibit A)	<u>\$ 190,242,925</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, 2024

	General Fund	General Capital Projects Fund	Debt Service Fund	Other Non- Major Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 9,345,653	\$ -	\$ 6,816,915	\$ 777,390	\$ 16,939,958
Property taxes	4,973,109	-	-	401,391	5,374,500
Franchise taxes	3,066,405	-	-	-	3,066,405
Licenses and permits	1,432,269	-	-	-	1,432,269
Fees and fines	603,286	-	-	-	603,286
Intergovernmental	44,845,818	20,034,199	1,627,099	1,169,711	67,676,827
Charges for services	4,363,800	-	-	25,000	4,388,800
Lease revenues	2,638,103	-	-	109,745	2,747,848
Interest Income - leases	795,232	-	-	35,990	831,222
Investment earnings	1,159,083	515,294	205,317	29,089	1,908,783
Miscellaneous - other	3,930,969	128,111	-	62,163	4,121,243
Total revenues	<u>77,153,727</u>	<u>20,677,604</u>	<u>8,649,331</u>	<u>2,610,479</u>	<u>109,091,141</u>
EXPENDITURES					
Current:					
General government	11,630,009	-	-	176,050	11,806,059
Public safety	42,622,645	-	-	993,415	43,616,060
Public works	12,306,711	-	-	-	12,306,711
Parks and recreation	5,544,945	-	-	174,094	5,719,039
Community development	4,952,225	-	-	392,768	5,344,993
Engineering	1,563,059	-	-	-	1,563,059
Non-departmental	461,700	-	-	-	461,700
Other expenditure	-	-	-	1,843	1,843
Capital outlay					
Public works	-	12,403,647	-	-	12,403,647
Debt service:					
Principal retirement	-	-	6,592,036	-	6,592,036
Interest and agent fees	-	-	1,979,190	-	1,979,190
Total expenditures	<u>79,081,294</u>	<u>12,403,647</u>	<u>8,571,226</u>	<u>1,738,170</u>	<u>101,794,337</u>
Excess of revenues over expenditures	<u>(1,927,567)</u>	<u>8,273,957</u>	<u>78,105</u>	<u>872,309</u>	<u>7,296,804</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt, net	-	5,388,099	-	-	5,388,099
Proceeds from installment loans	2,182,747	-	-	-	2,182,747
Proceeds from sale of assets	179,976	-	-	-	179,976
Bond issuance cost	-	(178,090)	-	-	(178,090)
Transfers in	3,570,873	8,027,332	232,500	75,000	11,905,705
Transfers out	(4,926,448)	(17,062,776)	(2,000,000)	(960,834)	(24,950,058)
Total other financing sources (uses)	<u>1,007,148</u>	<u>(3,825,435)</u>	<u>(1,767,500)</u>	<u>(885,834)</u>	<u>(5,471,621)</u>
Net change in fund balances	(920,419)	4,448,522	(1,689,395)	(13,525)	1,825,183
Fund balances - beginning	24,418,832	3,210,478	5,446,429	791,234	33,866,973
Prior period adjustments	(76,577)	-	-	-	(76,577)
Fund balances - beginning, as restated	<u>24,342,255</u>	<u>3,210,478</u>	<u>5,446,429</u>	<u>791,234</u>	<u>33,790,396</u>
Fund balances - ending	<u>\$ 23,421,836</u>	<u>\$ 7,659,000</u>	<u>\$ 3,757,034</u>	<u>\$ 777,709</u>	<u>\$ 35,615,579</u>

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, 2024

Net change in fund balances - total governmental funds:	\$ 1,825,183
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 (\$10,730,944) and depreciation and amortization (\$14,802,433) in the current period.	(4,071,489)
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.	106,473
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.	959,096
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.	(442,194)
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 (\$8,924,764) exceed proceeds (\$7,570,846).	1,353,918
Pension expense recorded in the Statement of Activities does not require the use of current financial resources.	(8,859,320)
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.	1,897,374
Change in net position of governmental activities (Exhibit B)	<u>\$ (7,230,959)</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, 2024

	Proprietary Funds-Business-type Activities			Governmental Activities
	Major Funds			
	Water and Sewer	Biloxi Port Fund	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,089,843	\$ 5,874,792	\$ 10,964,635	\$ 2,628,606
Accounts receivable, net				
Customer accounts	1,980,991	106,632	2,087,623	1,778,796
Lease receivables	-	598,792	598,792	-
Accrued interest - leases	-	26,810	26,810	-
Due from other City funds	-	-	-	539,489
Due from other governments	4,419,660	-	4,419,660	-
Prepaid expenses	39,194	-	39,194	-
Total current assets	11,529,688	6,607,026	18,136,714	4,946,891
Non-current assets:				
Lease receivables, noncurrent	-	9,898,145	9,898,145	-
Restricted Assets:				
Cash and cash equivalents	2,152,003	209,092	2,361,095	-
Capital Assets:				
Land and construction in progress	57,848,414	741,900	58,590,314	-
Right of use assets, net of amortization	248,412	5,218	253,630	-
Depreciable assets, net of accumulated depreciation	307,409,114	29,428,004	336,837,118	-
Total non-current assets	367,657,943	40,282,359	407,940,302	-
Deferred outflows of resources				
Deferred outflows on pension liability	690,709	408,698	1,099,407	-
Total assets	\$ 379,878,340	\$ 47,298,083	\$ 427,176,423	\$ 4,946,891
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 755,528	\$ 82,320	\$ 837,848	\$ 57,345
Due to other City funds	80,990	27,950	108,940	-
Compensated absences	87,908	67,381	155,289	-
Accrued interest payable	2,545	15	2,560	-
Unearned revenue	90,488	-	90,488	12,826
Lease liability	1,635	1,703	3,338	-
Subscription liability	53,863	-	53,863	-
Claims and judgments	-	-	-	3,894,989
Bonds, installment loans, and notes payable	553,550	335,000	888,550	-
Payable from restricted assets:				
Accounts payable	25,623	-	25,623	-
Customer deposits payable from restricted assets	2,014,293	133,245	2,147,538	-
Total current liabilities	3,666,423	647,614	4,314,037	3,965,160
Non-current liabilities:				
Compensated absences	91,364	58,285	149,649	-
Net pension obligation	4,445,491	2,886,590	7,332,081	-
Lease liability	1,764	3,589	5,353	-
Subscription liability	236,425	-	236,425	-
Bonds, capital leases, and notes payable, non-current	5,933,751	5,130,000	11,063,751	-
Total non-current liabilities	10,708,795	8,078,464	18,787,259	-
Deferred inflows of resources				
Deferred inflows on lease receivables	-	10,470,441	10,470,441	-
Deferred inflows on pension liability	2,078	(2,078)	-	-
Total liabilities	14,377,296	19,194,441	33,571,737	3,965,160
NET POSITION				
Invested in capital assets, net of related debt	358,722,407	24,704,815	383,427,222	-
Restricted for other purposes	137,710	75,847	213,557	-
Unrestricted	6,640,927	3,322,980	9,963,907	981,731
Total net position	\$ 365,501,044	\$ 28,103,642	\$ 393,604,686	\$ 981,731

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, 2024

	Proprietary Funds-Business-type Activities			Governmental Activities
	Major Funds		Total Enterprise Funds	Internal Service Funds
	Water and Sewer	Biloxi Port Fund		
REVENUES				
Charges for services				
Water sales, sewer revenues & installations, net	\$ 16,573,416	\$ -	\$ 16,573,416	\$ -
Keesler Air Force Base, sewer	1,101,556	-	1,101,556	-
Lease revenues	-	806,059	806,059	-
Harbor fees and rents	-	1,103,825	1,103,825	-
Insurance billings	-	-	-	14,856,812
Total charges for services	17,674,972	1,909,884	19,584,856	14,856,812
Cobra contributions	-	-	-	148,237
Total operating revenues	17,674,972	1,909,884	19,584,856	15,005,049
OPERATING EXPENSES				
Personnel services	2,481,649	1,691,880	4,173,529	-
Contractual services	11,911,389	546,446	12,457,835	-
Other services,charges, supplies and expenses	2,604,509	234,953	2,839,462	-
Insurance and reinsurance	-	-	-	5,415,459
Claims expense	-	-	-	8,664,095
Depreciation and amortization expense	10,154,676	2,499,976	12,654,652	-
Total operating expenses	27,152,223	4,973,255	32,125,478	14,079,554
Operating Income	(9,477,251)	(3,063,371)	(12,540,622)	925,495
NON-OPERATING REVENUES (EXPENSES)				
Gain (loss) on sale of asset	2,713	-	2,713	-
Interest and investment revenue	356,257	356,686	712,943	33,601
Interest income - leases	-	89,665	89,665	-
Intergovernmental tax revenues	-	2,903,497	2,903,497	-
Interest expense	(125,784)	(197,453)	(323,237)	-
Total non-operating revenue (expenses)	233,186	3,152,395	3,385,581	33,601
INCOME (LOSS) BEFORE TRANSFERS AND SPECIAL ITEM	(9,244,065)	89,024	(9,155,041)	959,096
Capital contribution - governmental funds	955,522	-	955,522	-
Transfers in	17,387,284	17,413,187	34,800,471	-
Transfers out	(5,681,802)	(16,074,316)	(21,756,118)	-
CHANGE IN NET POSITION	3,416,939	1,427,895	4,844,834	959,096
TOTAL NET POSITION - BEGINNING, as previously stated	361,951,556	26,581,275	388,532,831	22,635
PRIOR PERIOD ADJUSTMENTS	132,549	94,472	227,021	-
TOTAL NET POSITION - BEGINNING	362,084,105	26,675,747	388,759,852	22,635
TOTAL NET POSITION - ENDING	\$ 365,501,044	\$ 28,103,642	\$ 393,604,686	\$ 981,731

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, 2024

	Proprietary Funds-Business-type Activities			Governmental Activities
	Major Funds			Internal Service Fund
	Water and Sewer	Biloxi Port Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 20,625,021	\$ 1,657,998	\$ 22,283,019	\$ 13,475,522
Payments to suppliers	(14,577,821)	(727,153)	(15,304,974)	(13,826,888)
Payments to employees	(2,135,193)	(1,455,047)	(3,590,240)	-
Net cash provided by (used in) operating activities	3,912,007	(524,202)	3,387,805	(351,366)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental taxes	-	2,903,497	2,903,497	-
Transfers from other funds	11,705,482	1,338,871	13,044,353	-
Net cash provided by noncapital financing activities	11,705,482	4,242,368	15,947,850	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases and construction of capital assets	(16,840,750)	(4,297,132)	(21,137,882)	-
Proceeds from sale of capital assets	2,713	-	2,713	-
Principal paid on capital debt	(543,837)	(325,000)	(868,837)	-
Interest paid on capital debt	(125,784)	(197,453)	(323,237)	-
Net cash used in capital and related financing activities	(17,507,658)	(4,819,585)	(22,327,243)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	356,257	446,351	802,608	33,601
Net cash provided by investing activities	356,257	446,351	802,608	33,601
Net decrease in cash and cash equivalents	(1,533,912)	(655,068)	(2,188,980)	(317,765)
Balances-beginning of the year	8,775,758	6,738,952	15,514,710	2,946,371
Balances-end of the year	\$ 7,241,846	\$ 6,083,884	\$ 13,325,730	\$ 2,628,606
RECONCILIATION TO STATEMENT OF NET POSITION				
Unrestricted:				
Cash and cash equivalents	\$ 5,089,843	\$ 5,874,792	\$ 10,964,635	\$ 2,628,606
Restricted:				
Cash and cash equivalents	2,152,003	209,092	2,361,095	-
	\$ 7,241,846	\$ 6,083,884	\$ 13,325,730	\$ 2,628,606
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Donated subdivision	\$ 955,522	\$ -	\$ 955,522	\$ -

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, 2024

	Proprietary Funds-Business-type Activities			Governmental
	Major-Funds			Activities
	Water and Sewer	Biloxi Port Fund	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	\$ (9,477,251)	\$ (3,063,371)	\$ (12,540,622)	\$ 925,495
Adjustments to reconcile operating income to net cash used in operating activities:				
Depreciation and amortization expense	10,154,676	2,499,976	12,654,652	-
Decrease (increase) in assets				
Accounts receivable	2,841,668	(93,298)	2,748,370	(1,562,957)
Lease receivables	-	(9,305,499)	(9,305,499)	-
Due from other funds	-	-	-	28,409
Accrued interest - leases	-	(26,040)	(26,040)	-
Prepaid expenses	(9,194)	-	(9,194)	-
Deferred outflows	163,676	102,779	266,455	-
Increase (decrease) in liabilities				
Accounts payable and accrued liabilities	20,372	40,920	61,292	257,687
Due to other funds	27,435	8,034	35,469	-
Compensated absences	(18,088)	7,929	(10,159)	-
Customer deposits	89,371	6,587	95,958	-
Lease liabilities	(48,355)	5,292	(43,063)	-
Subscription liabilities	(52,181)	-	(52,181)	-
Unearned revenues	19,010	(128,635)	(109,625)	-
Deferred inflows - leases	-	9,294,999	9,294,999	-
Pension liabilities and deferred inflows	200,868	126,125	326,993	-
Net cash provided by (used in) operating activities	\$ 3,912,007	\$ (524,202)	\$ 3,387,805	\$ (351,366)

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, 2024

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), culture-recreation, community development, planning and zoning, water and sewer, port services, 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, 2024.

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, 2024. However, see Note 14 for information describing a joint venture of the City and another governmental entity and two jointly governed organizations.

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, 2024

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, deferred outflows of resources, long-term liabilities, and deferred inflows of resources 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, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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.

Capital Projects Fund – This fund is used to account for the City's capital projects. Funding for the City's capital projects are primarily from grants and bond issuances.

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 one additional fund type that is 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).

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 60 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, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 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 and sewer services.

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, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 2024 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, 2024. 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 \$108,940 due from business-type funds to governmental funds at September 30, 2024.

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, 2024, 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 amounts restricted for 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, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

Right of use assets are amortized on a straight-line basis over the term of the related agreements.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category related to the City's participation in the pension plan, the unamortized changes in investments actual performance, expectations, projections, and changes in plan assumptions (See Note 10).

In addition to liabilities, the statement of net 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 items that qualify for reporting in this category related to the City's participation in the pension plan and the difference between projected and actual plan investment earnings (See Note 10) and lease receivables (See Note 6).

Pensions

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

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

In the current year, the City implemented new accounting standard GASB No. 101 – Compensated absences (See Note 15). 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. The City accrues and recognizes accrued compensated absence liability when the leave is both earned by the employee and probable of being paid by the City in the future. The estimated compensated absence liability is based on historical usage patterns and policy limitations on leave usage.

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 payments 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), unrecognizable revenue is reported as unearned revenue, regardless of its availability.

Fund Equity

As of September 30, 2024, 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, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 (personnel 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, 2024 is as follows:

	Cash on Hand	Cash Deposits	Pooled Cash Deposits	Total
Governmental Activities				
General Fund	\$ 10,050	\$ 9,582,783	\$ 11,863,501	\$ 21,456,334
General Capital Projects	-	17,747,122	(1,057,671)	16,689,451
Debt Service	-	16,925	2,652,732	2,669,657
Other Nonmajor Gov't Funds	-	8,526	763,168	771,694
Internal Service Fund	-	3,270,209	(641,603)	2,628,606
Total governmental activities	<u>10,050</u>	<u>30,625,565</u>	<u>13,580,127</u>	<u>44,215,742</u>
Business-type Activities				
Water and Sewer	600	7,879,891	(638,645)	7,241,846
Biloxi Port Fund	550	217,092	5,866,242	6,083,884
Total business-type activities	<u>1,150</u>	<u>8,096,983</u>	<u>5,227,597</u>	<u>13,325,730</u>
Total cash and cash equivalents	<u>\$ 11,200</u>	<u>\$ 38,722,548</u>	<u>\$ 18,807,724</u>	<u>\$ 57,541,472</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The City maintained the following restricted assets as of September 30, 2024:

Governmental Activities

Cash and cash equivalents	
Restricted for capital projects	\$ 16,156,162
Restricted for other special projects	<u>9,529,267</u>
Total restricted assets - governmental activities	<u>25,685,429</u>

Business-type Activities

Cash and cash equivalents	
Restricted for utility customer deposits	2,152,003
Restricted for debt service	<u>209,092</u>
Total restricted assets - business-type activities	<u>2,361,095</u>
Total restricted assets - government-wide	<u><u>\$ 28,046,524</u></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, 2024, deposits (including restricted deposits) are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Pooled deposits:		
Cash and cash equivalents	\$ 20,667,662	\$ 18,807,724
Non-pooled deposits:		
Cash and cash equivalents	<u>42,715,893</u>	<u>38,733,748</u>
Total	<u><u>\$ 63,383,555</u></u>	<u><u>\$ 57,541,472</u></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, 2024, all the City's investments were in money market mutual funds that are considered cash equivalents.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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. All 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, 2024 consist of the following:

	Governmental Activities	Business-type Activities	
	General Fund		Total
Franchise taxes	\$ 878,146	\$ -	\$ 878,146
Court fines and fees	8,441,696	-	8,441,696
Utility customer charges	783,869	3,201,063	3,984,932
Other receivables	2,913,708	26,810	2,940,518
Total receivables, gross	13,017,419	3,227,873	16,245,292
Less allowance for doubtful receivables	(8,751,477)	(1,113,440)	(9,864,917)
Total receivables, net	<u>\$ 4,265,942</u>	<u>\$ 2,114,433</u>	<u>\$ 6,380,375</u>

Special Assessments

The City charges the costs of land code violations as a special assessment attached to property taxes. At September 30, 2024, the City had \$279,057 in receivables related to special assessments included in other receivables and \$225,359 in delinquent receivables included in allowance for doubtful receivables.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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, 2024, 2023, and 2022 are as follows:

	2024	2023	2022
City Funds			
General Fund	20.33	19.67	19.67
Special revenue funds:			
Disability and Relief (Pension) Funds	1.73	1.71	1.90
Debt Service Funds	7.67	8.70	8.51
Solid waste collection and disposal	0.37	0.02	0.02
Total City administered funds	<u>30.10</u>	<u>30.10</u>	<u>30.10</u>
School Funds			
District Maintenance	42.21	42.19	40.55
School Debt	1.04	1.06	2.70
Total School administered funds	<u>43.25</u>	<u>43.25</u>	<u>43.25</u>
Total levy	<u><u>73.35</u></u>	<u><u>73.35</u></u>	<u><u>73.35</u></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, 2024, 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, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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	\$ 21,146,161
Local share of state tax	2,080,055
Gaming licenses and permits	<u>953,499</u>
Total gaming revenues	<u><u>\$ 24,179,715</u></u>

NOTE 4: DUE FROM OTHER GOVERNMENTS

Sales Tax

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Biloxi) back to the City monthly. Sales tax receivable is included in due from other governments on the statement of net position and balance sheet – governmental funds and consists of taxes collected by the State for August and September 2024 and not received by the City until October and November 2024.

Due from other governments at September 30, 2024 consists of the following:

	Governmental Activities	Business-Type Activities	
	General Fund	Water and Sewer	Total
Grants	\$ 2,027,424	\$ 4,419,660	\$ 6,447,084
County road tax	1,076,083	-	1,076,083
Harrison County, ad valorem	197,334	-	197,334
State of Mississippi, gaming taxes and fees	4,087,229	-	4,087,229
State of Mississippi, sales tax diversion	<u>2,363,205</u>	<u>-</u>	<u>2,363,205</u>
Total due from other governments	<u><u>\$ 9,751,275</u></u>	<u><u>\$ 4,419,660</u></u>	<u><u>\$ 14,170,935</u></u>

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5: CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2024:

	Balance October 1, 2023	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2024
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 46,533,123	\$ 418,788	\$ -	\$ -	\$ 46,951,911
Construction in progress	37,792,320	8,177,003	(2,762,574)	(27,362,120)	15,844,629
Total capital assets, not being depreciated	84,325,443	8,595,791	(2,762,574)	(27,362,120)	62,796,540
Capital assets, being depreciated:					
Buildings	136,791,014	-	(23,240)	5,341,188	142,108,962
Improvements other than buildings	36,194,655	12,486	(1,970)	5,254,685	41,459,856
Machinery and equipment	46,291,919	6,201,907	(1,090,158)	-	51,403,668
Infrastructure - streets and drainage	198,800,146	2,098,736	-	16,766,247	217,665,129
Right of use assets - leases	1,008,963	110,303	(47,087)	-	1,072,179
Right of use assets - subscriptions	3,425,747	-	(37,996)	-	3,387,751
Total capital assets, being depreciated	422,512,444	8,423,432	(1,200,451)	27,362,120	457,097,545
Less accumulated depreciation for:					
Buildings	(37,635,395)	(4,897,443)	-	-	(42,532,838)
Improvements other than buildings	(14,798,810)	(2,103,386)	-	-	(16,902,196)
Machinery and equipment	(33,223,013)	(3,319,395)	676,942	-	(35,865,466)
Infrastructure - streets and drainage	(82,175,756)	(3,658,188)	-	-	(85,833,944)
Right of use assets - leases	(363,624)	(257,566)	47,087	-	(574,103)
Right of use assets - subscriptions	(1,040,197)	(566,455)	37,996	-	(1,568,656)
Total accumulated amortization and depreciation	(169,236,795)	(14,802,433)	762,025	-	(183,277,203)
Total capital assets, being depreciated, net	253,275,649	(6,379,001)	(438,426)	27,362,120	273,820,342
Total governmental activities capital assets, net	\$337,601,092	\$ 2,216,790	\$ (3,201,000)	\$ -	\$336,616,882

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 5: CAPITAL ASSETS (Continued)

	Balance October 1, 2023	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2024
Business-type Activities					
Capital assets, not being depreciated:					
Land	\$ 718,161	\$ -	\$ -	\$ -	\$ 718,161
Construction in progress	50,700,256	19,422,148	-	(12,250,251)	57,872,153
Total capital assets, not being depreciated	51,418,417	19,422,148	-	(12,250,251)	58,590,314
Capital assets, being depreciated:					
Equipment	6,983,025	1,709,066	(56,389)	-	8,635,702
Water and sewer system	375,077,591	955,522	-	4,516,697	380,549,810
Port buildings & improvements	54,593,836	-	-	7,733,554	62,327,390
Right of use assets - leases	220,581	6,668	(215,103)	-	12,146
Right of use assets - subscriptions	428,028	-	(2,987)	-	425,041
Total capital assets, being depreciated	437,303,061	2,671,256	(274,479)	12,250,251	451,950,089
Less accumulated depreciation for:					
Equipment	(5,411,540)	(378,813)	56,389	-	(5,733,964)
Water and sewer system	(66,295,753)	(9,685,031)	-	-	(75,980,784)
Port buildings & improvements	(30,480,777)	(2,480,295)	-	-	(32,961,072)
Right of use assets - leases	(168,954)	(49,652)	215,103	-	(3,503)
Right of use assets - subscriptions	(122,144)	(60,861)	2,987	-	(180,018)
Total accumulated amortization and depreciation	(102,479,168)	(12,654,652)	274,479	-	(114,859,341)
Total capital assets, being depreciated, net	334,823,893	(9,983,396)	-	12,250,251	337,090,748
Total business-type activities capital assets, net	<u>\$386,242,310</u>	<u>\$ 9,438,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$395,681,062</u>
 Primary Government					
Total capital assets, net	<u>\$723,843,402</u>	<u>\$ 11,655,542</u>	<u>\$ (3,201,000)</u>	<u>\$ -</u>	<u>\$732,297,944</u>

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

Governmental Activities	
General government	\$ 2,342,126
Community development	1,883,643
Cultural affairs	1,269,395
Parks and recreation	2,011,108
Public safety	3,210,767
Public works	428,750
Engineering	42,627
Infrastructure	3,614,017
	<u>14,802,433</u>
Business-type Activities	
Water and sewer	10,154,676
Port fund	2,499,976
	<u>12,654,652</u>
Total depreciation and amortization expense	<u>\$ 27,457,085</u>

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6: LEASING ARRANGEMENTS

Lessor

The City is a lessor under 21 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, 2024, the City recognized \$3,541,487 in lease revenue and \$920,887 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 \$908,353. In addition, the City reported \$57,143,345 in lease receivables and \$56,187,000 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, 2024, not including variable lease revenues:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Receipts
	Principal	Interest	Principal	Interest	
2025	\$ 2,552,486	\$ 807,283	\$ 598,792	\$ 316,151	\$ 4,274,712
2026	2,560,608	763,158	593,912	297,897	4,215,575
2027	2,584,966	718,484	602,152	279,454	4,185,056
2028	2,625,113	673,074	620,709	260,569	4,179,465
2029	2,510,374	626,924	640,193	241,085	4,018,576
2030-2034	13,226,872	2,473,969	3,515,586	890,805	20,107,232
2035-2039	13,819,073	1,311,614	3,893,165	302,551	19,326,403
2040-2044	6,414,627	223,687	32,428	399	6,671,141
2045-2049	212,379	30,559	-	-	242,938
2050-2054	139,910	6,757	-	-	146,667
	<u>\$ 46,646,408</u>	<u>\$ 7,635,509</u>	<u>\$ 10,496,937</u>	<u>\$ 2,588,911</u>	<u>\$ 67,367,765</u>

Lessee

The City is lessee under 62 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, 2024:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2025	\$ 220,797	\$ 9,537	\$ 3,338	\$ 238	\$ 233,910
2026	177,497	4,554	3,444	123	185,618
2027	64,079	1,242	1,909	35	67,265
2028	44,343	422	-	-	44,765
2029	6,698	37	-	-	6,735
	<u>\$ 513,414</u>	<u>\$ 15,792</u>	<u>\$ 8,691</u>	<u>\$ 396</u>	<u>\$ 538,293</u>

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7: SUBSCRIPTION LIABILITY

The City is subject to 15 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, 2024:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2025	\$ 448,246	\$ 19,872	\$ 53,863	\$ 2,758	\$ 524,739
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	316,424	3,417	61,287	582	381,710
	<u>\$ 1,726,147</u>	<u>\$ 54,253</u>	<u>\$ 290,288</u>	<u>\$ 8,458</u>	<u>\$ 2,079,146</u>

NOTE 8: LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended September 30, 2024 are as follows:

	Balance October 1, 2023	Additions	Adjustments	Principal Payments/ Reductions	Balance September 30, 2024	Due within One Year
Governmental Activities						
General Obligation Bonds	\$ 53,992,000	\$ 5,000,000	\$ -	\$ (4,329,000)	\$ 54,663,000	\$ 4,569,000
Premium on bonds	-	388,099	-	-	388,099	19,405
Tax Increment Limited Obligation Bonds	13,940,694	-	-	(2,263,036)	11,677,658	3,397,657
Equipment installment loans	7,806,148	2,182,747	-	(1,620,384)	8,368,511	1,568,884
Lease payable	655,068	110,303	-	(251,957)	513,414	220,797
Subscription liabilities	2,260,106	-	-	(533,959)	1,726,147	448,246
Compensated absences	9,641,369	2,508,789	(6,519,817)	(1,412,057)	4,218,284	2,082,759
Net pension liability	113,575,844	-	7,112,216	-	120,688,060	-
Total governmental activities	<u>\$201,871,229</u>	<u>\$ 10,189,938</u>	<u>\$ 592,399</u>	<u>\$ (10,410,393)</u>	<u>\$ 202,243,173</u>	<u>\$12,306,748</u>
Business-type Activities						
Water and Sewer notes payable	\$ 6,434,036	\$ -	\$ -	\$ (485,501)	\$ 5,948,535	\$ 494,066
Limited tax Port Bonds	5,790,000	-	-	(325,000)	5,465,000	335,000
Drinking water loan	597,102	-	-	(58,336)	538,766	59,484
Lease payable	51,754	6,958	-	(50,021)	8,691	3,338
Subscription liabilities	342,009	-	-	(51,721)	290,288	53,863
Compensated absences	542,115	172,800	(315,095)	(94,882)	304,938	155,289
Net pension liability	6,840,887	-	491,194	-	7,332,081	-
Total business-type activities	<u>\$ 20,597,903</u>	<u>\$ 179,758</u>	<u>\$ 176,099</u>	<u>\$ (1,065,461)</u>	<u>\$ 19,888,299</u>	<u>\$ 1,101,040</u>

For the year ended September 30, 2024, interest and fees incurred and charged to expense totaled \$2,165,941 in the governmental activities and \$317,070 included in expenses in the business-type activities.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8: LONG-TERM LIABILITIES (Continued)

Bonds Payable

At September 30, 2024, the City had the following outstanding bonds payable:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2024
Governmental Activities:					
General obligation bonds:					
General obligation bonds Series 2019	2/8/2019	3/1/2039	Variable	\$ 14,000,000	\$11,395,000
General obligation bonds Series 2017	3/15/2017	3/1/2032	Variable	7,000,000	4,180,000
General obligation bonds Series 2012	4/1/2012	4/1/2027	Variable	6,000,000	1,460,000
General obligation bonds Series 2020	6/8/2020	1/1/2029	Variable	8,662,000	5,480,000
General obligation bonds Series 2020A	6/2/2020	3/1/2034	Variable	16,206,000	14,168,000
Special obligation bonds, Series 2022	5/25/2022	8/1/2042	2.75%	14,000,000	12,980,000
Special obligation bonds, Series 2024	5/15/2024	7/1/2044	Variable	5,000,000	5,000,000
Limited Obligation Bonds					
Tax increment limited obligation bond Series 2021	9/15/2021	6/1/2029	1.47%	1,896,000	1,130,000
Tax increment limited obligation bond Series 2016	11/1/2016	11/1/2027	Variable	21,020,000	8,975,000
Tax increment limited obligation bond Series 2014	6/25/2014	4/15/2029	4.07%	1,995,000	1,572,658
Total governmental activities				<u>95,779,000</u>	<u>66,340,658</u>
Business-type Activities:					
Limited tax Port Bonds					
Port bonds Series A & B	8/1/2017	8/1/2037	Variable	7,500,000	5,465,000
Total business-type activities				<u>7,500,000</u>	<u>5,465,000</u>
Total bonds				<u>\$ 103,279,000</u>	<u>\$71,805,658</u>

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

Year Ending September 30,	Governmental Activities		Business-type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2025	\$ 7,966,657	\$ 2,011,363	\$ 335,000	\$ 179,744	\$ 10,492,764
2026	7,288,000	1,766,548	350,000	169,094	9,573,642
2027	7,534,000	1,523,796	360,000	157,944	9,575,740
2028	7,230,000	1,273,642	375,000	146,494	9,025,136
2029	4,733,000	1,088,025	385,000	134,544	6,340,569
2030-2034	17,399,000	3,815,854	2,160,000	477,394	23,852,248
2035-2039	9,839,000	1,714,224	1,500,000	104,931	13,158,155
2040-2044	4,351,001	361,874	-	-	4,712,875
	<u>\$ 66,340,658</u>	<u>\$13,555,326</u>	<u>\$ 5,465,000</u>	<u>\$ 1,370,145</u>	<u>\$ 86,731,129</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, 2024 was 7.67 mills or \$7.67 per \$1,000 of assessed value.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8: LONG-TERM LIABILITIES (Continued)

Notes Payable from Direct Borrowings

At September 30, 2024, the City's outstanding notes payable from direct borrowings are described as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2024
Business-type Activities:					
State of MS Revolving Fund Loan	9/1/2010	11/1/2032	1.75%	\$ 2,906,577	\$1,329,143
State of MS Revolving Fund Loan	7/23/2013	6/1/2036	1.75%	4,185,344	2,680,844
State of MS Revolving Fund Loan	9/30/2014	9/1/2037	1.75%	2,764,434	1,938,548
State of MS Drinking Water Improvement Loan	11/3/2011	2/15/2033	1.95%	1,133,861	538,766
Total business-type activities				<u>10,990,216</u>	<u>6,487,301</u>
Total notes payable				<u>\$10,990,216</u>	<u>\$6,487,301</u>

Principal and interest maturities will be as follows:

Year Ending September 30,	Business-type Activities		Total Requirements
	Principal	Interest	
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	594,168	69,496	663,664
2030-2034	2,696,720	191,046	2,887,766
2035-2039	922,186	20,270	942,456
	<u>\$ 6,487,301</u>	<u>\$ 661,237</u>	<u>\$ 7,148,538</u>

General long-term debt of the business-type activities is \$6,487,301 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 city vehicles, 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. Title to the city vehicles financed by Trustmark are held in the name of the City so long as the City is not in default, at which time title transfers to Trustmark. Title to the city vehicles financed by Cadence Bank are held in the name of the City and Cadence Bank as lien holder.

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 8: LONG-TERM LIABILITIES (Continued)

Installment Loans (continued)

The installment loan obligations outstanding as of September 30, 2024 are as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2024
Governmental Activities:					
Installment loans:					
Tasers - Axon enterprise, Inc.	10/12/2021	10/14/2026	None	\$ 551,000	\$ 247,950
Fire station - Regions Equipment	7/20/2018	7/1/2033	3.63%	4,250,000	2,811,194
Fire trucks - BancLeasing, LLC	11/1/2020	9/1/2026	2.50%	1,016,923	307,521
Energy performance - Hancock Bank	4/5/2016	9/30/2027	2.29%	1,984,837	643,582
CAD and records system - Motorola	2/26/2021	12/15/2030	1.94%	1,978,938	1,419,646
Fire trucks - BancLeasing, LLC	3/29/2023	5/1/2030	4.40%	1,725,000	1,234,823
City vehicles - Trustmark Bank	5/10/2024	5/10/2028	4.94%	958,264	747,698
City vehicles - Cadence Bank	8/9/2024	8/9/2028	6.35%	926,569	717,766
City vehicles - Trustmark Bank	9/9/2024	9/9/2028	4.94%	297,914	238,331
Total governmental activities				13,689,445	8,368,511
Total installment loan obligations				<u>\$13,689,445</u>	<u>\$ 8,368,511</u>

The following is a schedule of future minimum lease payments under installment loans and the net present value of these minimum loan payments as of September 30, 2024:

Year Ending September 30,	Governmental Activities		Total
	Principal	Interest	Requirements
2025	\$ 1,568,884	\$ 299,901	\$ 1,868,785
2026	1,620,029	245,813	1,865,842
2027	1,389,727	189,645	1,579,372
2028	1,216,735	136,488	1,353,223
2029	786,333	84,994	871,327
2030-2034	1,786,803	138,329	1,925,132
	<u>\$ 8,368,511</u>	<u>\$ 1,095,170</u>	<u>\$ 9,463,681</u>

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 \$147,295,182 and the legal debt margin was \$86,144,881 at September 30, 2024.

NOTE 9: INTERFUND TRANSACTIONS

Interfund Receivables and Payables

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

CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9: INTERFUND TRANSACTIONS (Continued)

Interfund Receivables and Payables (continued)

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

The interfund balances at September 30, 2024 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund:		
General Capital Projects Fund	\$ 4,496,655	\$ -
Claims Contingency Fund for Claims and Expenses	-	(430,549)
Total General Fund	<u>4,496,655</u>	<u>(430,549)</u>
General Capital Projects Fund:		
General Fund	-	(4,496,655)
Total General Capital Projects Fund	<u>-</u>	<u>(4,496,655)</u>
Enterprise Fund:		
Water/Sewer for Claims and Expenses	-	(80,990)
Biloxi Port Fund for Claims and Expenses	-	(27,950)
Total Enterprise Fund	<u>-</u>	<u>(108,940)</u>
Internal Service Self-Insurance Fund:		
Claims Contingency Fund from General Fund	430,549	-
Claims Contingency Fund from Water/Sewer	80,990	-
Claims Contingency Fund from Port Fund	27,950	-
Total Internal Service Self-Insurance Fund	<u>539,489</u>	<u>-</u>
Total	<u>\$ 5,036,144</u>	<u>\$ (5,036,144)</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, 2024 consist of the following:

	Transfers In	Transfers Out
General Fund	\$ 3,570,873	\$ (4,926,448)
General Capital Projects Fund	8,027,332	(17,062,776)
Debt Service Fund	232,500	(2,000,000)
Other Non-major Governmental Funds	75,000	(960,834)
Total Governmental Funds	<u>11,905,705</u>	<u>(24,950,058)</u>
Water and Sewer	17,387,284	(5,681,802)
Biloxi Port Fund	17,413,187	(16,074,316)
Total Proprietary Funds	<u>34,800,471</u>	<u>(21,756,118)</u>
Total	<u>\$46,706,176</u>	<u>\$ (46,706,176)</u>

**CITY OF BILOXI, MISSISSPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 9: INTERFUND TRANSACTIONS (Continued)

Interfund Transfers (continued)

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

NOTE 10: EMPLOYEE BENEFIT PLANS

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

Defined Benefit Pension Plan

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

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

Plan Description

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

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

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

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, 2024, the combined millage was 1.73 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, 2024 were \$1,169,465. 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 67 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

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

Total pension liability	\$ 19,429,988
Fiduciary net pension	(7,783,919)
Net pension liability	<u>\$ 11,646,069</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

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

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, 2024 is as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Change in Net Pension Liability			
Interest	\$ 1,339,353	\$ -	\$ 1,339,353
Difference between expected and actual experience	(73,729)	-	(73,729)
Contributions - employer	-	1,166,042	(1,166,042)
Net investment income	-	753,452	(753,452)
Benefit payments, including refunds of employee contributions	(1,938,490)	(1,938,490)	-
Administrative expense	-	(23,321)	23,321
Net change	(672,866)	(42,317)	(630,549)
Net pension liability beginning	20,102,854	7,826,236	12,276,618
Net pension liability ending	<u>\$ 19,429,988</u>	<u>\$ 7,783,919</u>	<u>\$ 11,646,069</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, 2024 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	\$ 63,721	\$ -
	<u>\$ 63,721</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2024 will be recognized in pension expenses as follows:

Year ended September 30	Amount
2025	\$ (103,101)
2026	254,637
2027	(41,120)
2028	(46,695)
	<u>\$ 63,721</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan (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	<u>\$ 13,156,298</u>	<u>\$ 11,646,069</u>	<u>\$ 10,325,211</u>

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, 2024 were based on the June 30, 2022 actuarial valuation:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.40%
Salary Increases	N/A
Investment rate of return	6.05%, net of pension plan investment expense, including inflation

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Public Employees' Retirement System

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

Plan Description

The City of Biloxi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Mississippi's Public Employees' Retirement System's Board of Trustees. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website, www.PERS.ms.gov, by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable services (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of creditable service 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, 2024 was 17.40% of annual covered payroll through June 30, 2024. Effective July 1, 2024, the rate increased to 17.90% and is scheduled to increase by 0.5% annually on July 1 of each subsequent year through 2029. The City's contributions to PERS for the fiscal years ending September 30, 2024, 2023, and 2022 total \$5,975,695, \$5,545,688, and \$5,278,287, respectively, which equal the required contributions for each year.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Public Employees' Retirement System (continued)

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

At September 30, 2024, the City reported a liability of \$116,374,072 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 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, 2024, the City's proportion was .448154 percent, which was a decrease of .018196 percent from its proportionate share measured as of September 30, 2023 (.429958 percent).

For the year ended September 30, 2024, the City recognized pension expense of \$15,905,980. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 5,856,898	\$ -
Changes in assumptions	6,742,541	-
Net difference between projected and actual earnings on pension plan investments	360,732	-
Change in proportionate share	1,456,225	-
City contributions subsequent to the measurement date	1,502,875	-
Totals	<u>\$ 15,919,271</u>	<u>\$ -</u>
Business-Type Activities		
Differences between expected and actual experience	\$ 404,486	\$ -
Changes in assumptions	465,649	-
Net difference between projected and actual earnings on pension plan investments	24,912	-
Change in proportionate share	100,569	-
City contributions subsequent to the measurement date	103,791	-
Totals	<u>\$ 1,099,407</u>	<u>\$ -</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Public Employees' Retirement System (continued)

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

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$1,606,666 are recognized as a reduction to the net pension liability in the year ending September 30, 2025. 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
2025	\$ 5,832,421
2026	9,859,682
2027	665,254
2028	(945,345)
Total	<u>\$ 15,412,012</u>

Actuarial assumptions

The total pension liability as of June 30, 2024, was determined by an actuarial valuation prepared as of June 30, 2023 and by the investment experience for the fiscal year ending June 30, 2024. 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 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Public Employees' Retirement System (continued)

Actuarial assumptions (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	25.00%	5.15%
International equity	20.00%	5.00%
Global equity	12.00%	5.15%
Fixed income	18.00%	2.75%
Real estate	10.00%	3.50%
Private equity	10.00%	6.25%
Infrastructure	2.00%	3.85%
Private credit	2.00%	4.90%
Cash equivalents	1.00%	0.50%
Total	100.00%	

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 19.90% over five fiscal years (17.90% for FYE 2025, 18.40% for FYE 2026, 18.90% for FYE 2027, 19.40% for FYE 2028, and 19.90 percent for FYE 2029 and beyond). 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.

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%	\$ 150,837,815
Current discount rate	7.00%	\$ 116,374,072
1% increase	8.00%	\$ 88,168,164

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.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10: EMPLOYEE BENEFIT PLANS (Continued)

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, 2024, contributions by participants employed by the City totaled \$441,431.

NOTE 11: 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 self-insurance reserves at September 30, 2024:

	Employee Medical Claims	Property Liability & Workers' Compensation	Total
Total estimated liability and reserves - October 1, 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	1,234,776	2,464,892	3,699,668
Claims incurred and changes in estimates	6,682,158	923,718	7,605,876
Claims paid	<u>(6,815,498)</u>	<u>(595,057)</u>	<u>(7,410,555)</u>
Total estimated liability and reserves - September 30, 2024	<u>\$1,101,436</u>	<u>\$ 2,793,553</u>	<u>\$ 3,894,989</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.

CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11: SELF-INSURED RISK, CLAIMS AND OTHER CONTINGENCIES (Continued)

The following is a summary of the City's insurance coverage and self-insurance risk retention (SIR):

Property coverage excluding MGM property	
Per occurrence for all other perils	\$ 100,000
Per occurrence for named wind/hail	\$ 1,500,000
Per occurrence for all other wind/hail	\$ 250,000
Specific excess coverage in force	\$ 50,000,000
MGM property coverage	
Per occurrence for all other perils	\$ 100,000
Per occurrence for named wind/hail	\$ 500,000
Per occurrence for all other wind/hail	\$ 100,000
Specific excess coverage in force	\$ 10,000,000
Equipment coverage	
Per occurrence for all wind/hail	2%/\$250k 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	\$ 23,008,750
Crime coverage	
Per loss deductible employee theft	\$ 10,000
Specific excess coverage in force employee theft	\$ 1,000,000
Workers compensation	
Per occurrence deductible for police, firefighters, first responders (SIR)	\$ 750,000
Per occurrence deductible for all other employees (SIR)	\$ 500,000
Specific excess coverage in force workers comp	Statutory
Specific excess coverage in force employer's liability	\$ 1,000,000
General and other liability coverage	
Per occurrence deductible for 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
Health	
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, 2024**

NOTE 12: TAX ABATEMENTS

The Mississippi Code of 1972 Annotated §17-21-5, authorizes municipal governing authorities, in their discretion, to grant exemptions from ad valorem taxation, except ad valorem taxation for school district purposes, for new structures, or improvements to or renovations of existing structures located in the central business district of the municipality, for a period of not more than seven (7) years from the date of completion of the new structure or the improvement to or renovation of the existing structure for which the exemption is granted. The City adopted such an ordinance in 2019, which exempts eligible properties from up to 100% of municipal ad valorem taxes on the increase in assessed value related to completed improvements. Per the City ordinance, the City has granted tax abatements to two hotels and one bank. For the year ended September 30, 2024, the City abated \$53,406 in taxes.

NOTE 13: 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, 2024

NOTE 13: 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 Pass Rd to Riverview	\$ 5,431,301	\$ 2,532,080	\$ 2,899,221
Point Cadet marina improvements	349,670	84,527	265,143
Citywide street repair	2,508,040	2,164,320	343,720
Woolmarket sidewalks	1,182,480	85,588	1,096,892
Cedar Lake bridge and paving	772,915	310,450	462,465
East Biloxi recreational facility	227,750	183,071	44,679
Tanglewood infrastructure repair	2,598,310	1,186,191	1,412,119
Sediment removal phase II	169,622	129,261	40,361
Point Cadet shoreline	132,471	67,365	65,106
Keegan Bayou restoration	57,500	54,625	2,875
Bay Vista water well	1,989,823	125,783	1,864,040
Fire station No. 5 improvements	120,000	-	120,000
Pass Road & Rodenberg signal	97,500	56,220	41,280
Sports complex field improvements	5,491,819	4,828,038	663,781
Point Cadet nearshore	219,800	212,800	7,000
Parkers Creek dredging	52,460	31,408	21,052
Woolmarket Acres infrastructure	972,300	323,800	648,500
MGCCC new entrance	510,614	-	510,614
Saenger Theatre interior repair	1,500	-	1,500
Sports complex tennis lights	178,900	174,428	4,472
Oak street dock	187,140	76,132	111,008
Tanglewood sewer replacement	175,000	-	175,000
Popps Ferry extension	22,961,343	4,201	22,957,142
Purchase 321 Division street	264,330	-	264,330
Beauvoir - Katrina Infrastructure	36,973,786	23,256,023	13,717,763
St. Michaels	46,711,410	35,142,573	11,568,837
	<u>\$ 130,337,784</u>	<u>\$ 71,028,884</u>	<u>\$ 59,308,900</u>

NOTE 14: 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, 2024, a complete copy of which is on file at the administrative offices of the Authority. For the year ended September 30, 2024, the City paid the Authority \$12,424,281; \$8,162,628 for sewer, \$4,251,558 for garbage and dumping.

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 14: RELATED PARTY COMMITMENTS (Continued)

Joint Venture (continued)

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

Assets	
Current assets	\$ 12,997,073
Noncurrent assets	176,159,337
Total assets	<u>189,156,410</u>
Deferred outflows related to pensions	<u>352,149</u>
Total assets and deferred outflows of resources	<u>\$ 189,508,559</u>
Liabilities and Net Position	
Current liabilities	\$ 15,926,835
Noncurrent liabilities	78,781,449
Total liabilities	<u>94,708,284</u>
Deferred inflows related to pensions	<u>-</u>
Total liabilities and deferred inflows related to pensions	<u>94,708,284</u>
Net position	<u>\$ 94,800,275</u>

Statement of Revenue, Expenditures, and Changes in Net Position

Operating revenues	\$ 29,680,712
Depreciation	(14,800,161)
Operating expenses	(29,532,496)
Non-operating revenues (expenses)	<u>5,799,898</u>
Change in net position	<u>\$ (8,852,047)</u>
Beginning net position	103,652,322
Ending net position	<u>\$ 94,800,275</u>

Jointly Governed Organization

Harrison County Library System

On May 18, 1976, the City entered into an agreement with the Board of Trustees of the Biloxi Public Library, the City of Gulfport, the Board of Supervisors of Harrison County, the Board of Trustees of the Gulfport-Harrison County Library, the City of Pass Christian, and the Board of Trustees of the Pass Christian Public Library to mutually cooperate in securing a more economical public library system through combined resources, interests, materials and facilities to be known as the Harrison County Library System. There are no specific monetary terms in the agreement and the City of Biloxi has no equity interest in the organization. However, a budget is approved every year by the County Library Board, which stipulates the amount of funds needed from the participating municipalities and various other funding sources. The City of Biloxi contributed \$780,000 for the year ended September 30, 2024. The amount budgeted for the City of Biloxi for the fiscal year ended September 30, 2025 is \$782,000. 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, 2024

NOTE 14: 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 2024-2025 fiscal year. The City of Biloxi has no equity interest in the organization.

NOTE 15: IMPLEMENTATION OF NEW ACCOUNTING STANDARD GASB NO. 101

The implementation of a new accounting standard, GASB 101 – Compensated Absences, required the adjustment of compensated absence liability to more appropriately reflect the City's obligation related to compensated absences 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 effect of the restatement on the statements of net positions and fund balance sheets 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, 2023:			
Compensated absences	\$ 9,641,369	\$ 6,519,818	\$ (3,121,551)
Governmental activities net position	\$ 194,352,333	\$ 197,473,884	\$ 3,121,551
<i>Business-type Activities</i>			
Statement of Net Position			
at September 30, 2023:			
Compensated absences	\$ 542,115	\$ 315,094	\$ (227,021)
Business-type activities net position	\$ 388,532,831	\$ 388,759,852	\$ 227,021
<i>General Fund</i>			
Balance Sheet			
at September 30, 2023:			
Compensated absences	\$ 2,410,342	\$ 2,486,919	\$ 76,577
Governmental fund balance	\$ 24,418,832	\$ 24,342,255	\$ (76,577)
<i>Port Fund</i>			
Balance Sheet			
at September 30, 2023:			
Compensated absences	\$ 212,209	\$ 117,737	\$ (94,472)
Proprietary fund balance	\$ 26,581,275	\$ 26,675,747	\$ 94,472
<i>Water and Sewer Fund</i>			
Balance Sheet			
at September 30, 2023:			
Compensated absences	\$ 329,907	\$ 197,358	\$ (132,549)
Proprietary fund balance	\$ 361,951,556	\$ 362,084,105	\$ 132,549

**CITY OF BILOXI, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through June 27, 2025, which is the date the financial statements were available to be issued. The following events were identified:

Since September 30, 2024, the City has awarded \$5m in construction contracts, approved the purchase of \$3.8m in fixed assets, and been awarded \$7m in new grant funding.

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 13,807,214	\$ 13,807,214	\$ 13,756,552	\$ (50,662)
Licenses and permits	4,377,000	4,377,000	4,574,668	197,668
Intergovernmental	43,524,000	43,524,000	44,053,038	529,038
Federal and state grants	655,957	1,004,174	448,379	(555,795)
Charges for services	4,421,292	4,421,292	4,369,103	(52,189)
Fines	570,000	570,000	602,880	32,880
Other	7,704,636	7,737,739	8,203,028	465,289
Total revenues	<u>75,060,099</u>	<u>75,441,419</u>	<u>76,007,648</u>	<u>566,229</u>
EXPENDITURES				
Administration				
Personnel services	2,013,063	1,927,132	1,933,532	(6,400)
Supplies	58,500	62,342	47,692	14,650
Other services and charges	4,808,843	4,934,629	4,953,309	(18,680)
Contractual services	1,280,960	1,281,011	1,245,528	35,483
Capital outlay	94,200	98,751	93,317	5,434
Total administration	<u>8,255,566</u>	<u>8,303,865</u>	<u>8,273,378</u>	<u>30,487</u>
Executive				
Personnel services	487,637	488,901	488,378	523
Supplies	285,938	324,034	295,779	28,255
Other services and charges	91,820	90,899	68,842	22,057
Contractual services	71,000	71,000	55,780	15,220
Capital outlay	1,350	1,350	506	844
Total executive	<u>937,745</u>	<u>976,184</u>	<u>909,285</u>	<u>66,899</u>
Legislative				
Personnel services	608,981	609,481	575,896	33,585
Supplies	22,160	22,233	14,967	7,266
Other services and charges	127,170	148,147	72,519	75,628
Contractual services	1,760	11,290	10,745	545
Total legislative	<u>760,071</u>	<u>791,151</u>	<u>674,127</u>	<u>117,024</u>
Legal				
Personnel services	930,981	931,757	894,873	36,884
Supplies	8,625	8,425	7,318	1,107
Other services and charges	996,458	802,759	620,678	182,081
Contractual services	30,056	41,756	40,667	1,089
Capital outlay	15,000	13,662	13,662	-
Total legal	<u>1,981,120</u>	<u>1,798,359</u>	<u>1,577,198</u>	<u>221,161</u>
Community development				
Personnel services	2,416,230	2,418,307	2,249,698	168,609
Supplies	170,670	212,745	118,959	93,786
Other services and charges	537,120	551,157	531,178	19,979
Contractual services	460,065	461,725	348,070	113,655
Capital outlay	74,400	109,675	108,152	1,523
Total community development	<u>3,658,485</u>	<u>3,753,609</u>	<u>3,356,057</u>	<u>397,552</u>
Parks and recreation				
Personnel services	3,708,621	3,711,716	3,524,779	186,937
Supplies	412,150	444,555	411,863	32,692
Other services and charges	675,530	675,400	643,334	32,066
Contractual services	458,831	455,756	386,780	68,976
Capital outlay	311,500	372,529	345,406	27,123
Total parks and recreation	<u>5,566,632</u>	<u>5,659,956</u>	<u>5,312,162</u>	<u>347,794</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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES, Continued				
Public Safety				
Personnel services	33,771,450	33,949,019	33,217,739	731,280
Supplies	1,995,220	1,996,648	1,830,820	165,828
Other services and charges	2,010,422	1,855,433	1,645,132	210,301
Contractual services	2,241,613	2,620,162	2,246,856	373,306
Capital outlay	4,333,219	4,356,470	3,692,846	663,624
Total public safety	<u>44,351,924</u>	<u>44,777,732</u>	<u>42,633,393</u>	<u>2,144,339</u>
Public Works				
Personnel services	5,910,939	5,895,845	5,032,511	863,334
Supplies	639,750	592,854	515,202	77,652
Other services and charges	179,700	209,455	193,819	15,636
Contractual services	6,982,602	7,044,594	6,598,893	445,701
Capital outlay	1,382,600	1,867,756	1,467,673	400,083
Total public works	<u>15,095,591</u>	<u>15,610,504</u>	<u>13,808,098</u>	<u>1,802,406</u>
Nondepartmental				
Interest and principal	31,932	31,932	31,932	-
Supplies	30,000	11,373	1,725	9,648
Other services and charges	464,668	465,173	449,617	15,556
Contractual services	2,121,400	2,255,968	2,032,270	223,698
Capital outlay	215,000	218,764	96,487	122,277
Total nondepartmental	<u>2,863,000</u>	<u>2,983,210</u>	<u>2,612,031</u>	<u>371,179</u>
Total expenditures	<u>83,470,134</u>	<u>84,654,570</u>	<u>79,155,729</u>	<u>5,498,841</u>
Excess (deficiency) of revenues over expenditures	<u>(8,410,035)</u>	<u>(9,213,151)</u>	<u>(3,148,081)</u>	<u>6,065,070</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	3,268,275	2,200,000	2,182,747	(17,253)
Transfers out	(13,246,225)	(13,348,472)	(4,926,448)	8,422,024
Transfers in	250,000	1,302,034	3,570,873	2,268,839
Total other financing sources (uses)	<u>(9,727,950)</u>	<u>(9,846,438)</u>	<u>827,172</u>	<u>10,673,610</u>
Net change in fund balance	<u>(18,137,985)</u>	<u>(19,059,589)</u>	<u>(2,320,909)</u>	<u>\$ 16,738,680</u>
Fund balance-beginning, budget basis	<u>24,645,000</u>	<u>19,280,581</u>	<u>19,280,581</u>	
Fund balance-ending, budget basis	<u>\$ 6,507,015</u>	<u>\$ 220,992</u>	<u>\$ 16,959,672</u>	
Reconciliation to GAAP basis:				
Cumulative difference between GAAP basis fund balance and budget basis at beginning of the year.			5,138,252	
Change in receivables			(1,615,305)	
Change in prepaid expenses			(138,082)	
Change in accounts payable and accrued liabilities			150,971	
Change in deferred revenue			921,067	
Change in deferred inflow of resources			2,005,261	
Fund balance-ending, GAAP basis			<u>\$ 23,421,836</u>	

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan
City's proportion of the net pension liability	0.45%	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	\$ 116,374,072	\$ 108,140,112	\$ 90,699,541	\$ 66,209,115	\$ 89,548,564	\$ 80,889,299	\$ 76,682,653	\$ 78,839,106	\$ 77,115,794	\$ 66,314,940
City's covered employee payroll	\$ 34,345,619	\$ 31,871,788	\$ 30,334,997	\$ 29,779,571	\$ 30,784,850	\$ 29,049,508	\$ 29,443,354	\$ 29,456,560	\$ 27,548,362	\$ 26,671,663
City's proportionate share of the net pension liability as a percentage of covered employee payroll	338.83%	339.30%	298.99%	222.33%	290.89%	270.09%	260.44%	267.65%	279.93%	248.63%
Plan fiduciary net position as a percentage of total pension liability	56.30%	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

This schedule is presented to illustrate the requirements to show information for 10 years.

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan	Public Employee's System Defined Benefit Pension Plan
Contractually required contribution	\$ 5,975,695	\$ 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	5,975,695	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 34,345,619	\$ 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%	17.40%	16.15%	15.76%	15.75%	15.79%	15.83%

This schedule is presented to illustrate the requirements to show information for 10 years.

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

CITY OF BILOXI, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2024

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, 2024

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 changed 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 retired 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 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 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, 2024

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, 2022 valuation for the June 30, 2024 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	25.6 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 TEN FISCAL YEARS

	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2024	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2023	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2022	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2021	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2020	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2019	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2018	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2017	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2016	100.00%	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2015	100.00%
City's proportion of the net pension liability		\$ 11,646,069		\$ 12,276,619		\$ 12,074,670		\$ 11,139,036		\$ 11,447,016		\$ 10,750,494		\$ 11,328,337		\$ 12,795,007		\$ 13,916,120		\$ 14,111,051										
City's proportionate share of the net pension liability																														
City's covered employee payroll																														
City's proportionate share of the net pension liability as a percentage of covered employee payroll																														
Plan fiduciary net position as a percentage of total pension liability																														

This schedule is presented to illustrate the requirements to show information for 10 years.

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 TEN FISCAL YEARS

	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2024	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2023	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2022	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2021	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2020	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2019	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2018	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2017	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2016	Fireman's and Policemen's Disability and Relief Plan and Employee's Disability Relief Plan	2015
Contractually required contribution		\$ 1,169,465		\$ 1,069,089		\$ 1,305,216		\$ 1,314,172		\$ 1,082,860		\$ 1,264,102		\$ 1,393,369		\$ 1,332,719		\$ 1,335,494		\$ 1,339,210
Contributions in relation to contractually required contribution		1,169,465		1,069,089		1,305,216		1,314,172		1,082,860		1,264,102		1,393,369		1,332,719		1,335,494		1,339,210
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	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	N/A	N/A	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.

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, 2024

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, 2024 were based on the June 30, 2022 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, 2024

	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
ASSETS						Total
Cash and cash equivalents	\$ 8,526	\$ 91,860	\$ 463,391	\$ 36,401	\$ 113,720	\$ 57,796
Receivable, net						\$ 771,694
Taxes	-	11,039	-	-	-	-
Leases	1,997,956	-	-	-	-	-
Accrued interest - leases	5,756	-	-	-	-	-
Other	35,635	-	-	-	-	-
Total assets	\$ 2,047,873	\$ 102,899	\$ 463,391	\$ 36,401	\$ 113,720	\$ 57,796
						\$ 2,822,080
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 23,439	\$ 11,039	\$ -	\$ -	\$ 52,770	\$ -
Total liabilities	23,439	11,039	-	-	52,770	-
						\$ 87,248
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows on lease receivables	1,957,123	-	-	-	-	-
Fund balances:						
Nonspendable						
Lease receivables, net of related deferred inflows of resources	40,833	-	-	-	-	-
Committed						
Other	26,478	91,860	463,391	36,401	60,950	57,796
Total fund balances	67,311	91,860	463,391	36,401	60,950	57,796
Total liabilities and fund balances	\$ 2,047,873	\$ 102,899	\$ 463,391	\$ 36,401	\$ 113,720	\$ 57,796
						\$ 2,822,080

See independent auditor's report.

CITY OF BILOXI, MISSISSIPPI

Special Revenue

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**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**

CITY OF BILOXI
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
SEPTEMBER 30, 2024

	Liability, Property, and Workers Comp	Employee Medical Claims	Gaming Revenue Interruption	Total Internal Service Funds
ASSETS				
Restricted assets:				
Cash and cash equivalents	\$ 3,270,209	\$ (736,433)	\$ 94,830	\$ 2,628,606
Accounts receivables, net	-	1,778,796	-	1,778,796
Due from other funds	539,489	-	-	539,489
Total restricted assets	<u>3,809,698</u>	<u>1,042,363</u>	<u>94,830</u>	<u>4,946,891</u>
LIABILITIES				
Current liabilities:				
Accounts payable	45,528	11,817	-	57,345
Unearned revenue	-	12,826	-	12,826
Claims and judgments	2,793,553	1,101,436	-	3,894,989
Total current liabilities	<u>2,839,081</u>	<u>1,126,079</u>	<u>-</u>	<u>3,965,160</u>
Total liabilities	<u>2,839,081</u>	<u>1,126,079</u>	<u>-</u>	<u>3,965,160</u>
NET POSITION				
Unrestricted	970,617	(83,716)	94,830	981,731
Total net position	<u>\$ 970,617</u>	<u>\$ (83,716)</u>	<u>\$ 94,830</u>	<u>\$ 981,731</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, 2024

	Liability, Property and Workers Comp	Employee Medical Claims	Gaming Revenue Interruption	Total Internal Service Funds
REVENUES				
Charges for services, insurance billings	\$ 5,716,051	\$ 9,140,761	\$ -	\$ 14,856,812
Cobra contributions	-	148,237	-	148,237
Total operating revenues	<u>5,716,051</u>	<u>9,288,998</u>	<u>-</u>	<u>15,005,049</u>
OPERATING EXPENSES				
Insurance and reinsurance	4,182,245	1,233,214	-	5,415,459
Claims expense	1,533,805	7,130,290	-	8,664,095
Total operating expenses	<u>5,716,050</u>	<u>8,363,504</u>	<u>-</u>	<u>14,079,554</u>
Operating income (loss)	<u>1</u>	<u>925,494</u>	<u>-</u>	<u>925,495</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	-	28,641	4,960	33,601
Total non-operating revenue (expenses)	<u>-</u>	<u>28,641</u>	<u>4,960</u>	<u>33,601</u>
Change in net position	1	954,135	4,960	959,096
Total net position - beginning	970,616	(1,037,851)	89,870	22,635
Total net position - ending	<u>\$ 970,617</u>	<u>\$ (83,716)</u>	<u>\$ 94,830</u>	<u>\$ 981,731</u>

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
SEPTEMBER 30, 2024

The following surety bonds are issued by: Zurich American Insurance Company, Colonial American Casualty and Surety Company, and Fidelity and Deposit Company of Maryland

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

June 27, 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 (*Government Auditing Standards*), 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, 2024, 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 June 27, 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 City of Biloxi, Mississippi'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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 City of Biloxi, Mississippi'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 City of Biloxi, Mississippi'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**

June 27, 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 identified as subject to audit 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, 2024. 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, 2024.

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 (*Government Auditing Standards*); 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 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 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.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

To the City Council
City of Biloxi
Biloxi, Mississippi

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, 2024

Grantor Federal Agency Passed - Through Agency Program Title	ALN Number	Grant No./ Pass-Through Grantor No.	Federal Expenditures
US DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration			
<i>Passed through the State of Mississippi</i>			
<i>Department of Transportation</i>			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	DHP-9376-00(009)LPA/106253-8010	\$ 23,357
Highway Planning and Construction	20.205	STPD-9376-00(004)LPA/10484-811000	6,228
Highway Planning and Construction	20.205	STP-7833-99(003)LPA/107931/701000	8,458
Highway Planning and Construction	20.205	STP-005-00(58)LPA/109135-711000	206,383
<i>Highway Planning and Construction Cluster Total</i>			<u>244,426</u>
Total US Department of Transportation			<u>244,426</u>
US DEPARTMENT OF JUSTICE			
Public Safety Partnership and Community Policing	16.710	2020UMX0430	96,287
Total US Department of Justice			<u>96,287</u>
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Mississippi Development Authority</i>			
<i>Community Development Block Cluster</i>			
Community Development Block Grants - 2020	14.218	B-20-MC-28-001	205,617
Community Development Block Grants - 2021	14.218	B-21-MC-28-001	452,491
Community Development Block Grants - 2022	14.218	B-22-MW-28-001	366,050
Community Development Block Grants - 2023	14.218	B-23-MW-28-001	145,553
<i>Community Development Block Entitlement Grants Cluster Total</i>			<u>1,169,711</u>
Total US Department of Housing and Urban Development			<u>1,169,711</u>
US DEPARTMENT OF TREASURY			
Coronavirus State and Local Fiscal Recovery Funds	21.027	64-6000153	933,641
<i>Passed through Mississippi Department of Environmental Quality</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	MDEQ-C1065	535,845
Coronavirus State and Local Fiscal Recovery Funds	21.027	MDEQ-C1078	337,916
			<u>1,807,402</u>
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	21-00259	1,754,106
Total US Department of Treasury			<u>3,561,508</u>
US DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Mississippi Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW11253	13,113,557
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW182	24,166
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW261	32,242
		PW475	147,592
		PW493	466
		PW474	8,543
		PW277	10,998
		PW259	83,769
		PW327	1,908
		PW378	127,778
		PW496	2,224
			<u>13,553,243</u>
<i>Passed through Mississippi Department of Public Safety</i>			
Homeland Security - EAP	97.044	EMW-2020-FG-14167	64,208
Homeland Security: Fire Department - Tow vehicle	97.067	EMW-2021-SS-00014-S01-21HS122	39,000
Homeland Security: Bomb Squad	97.067	22LE122B	26,078
Homeland Security: Fire Department - Tow vehicle	97.067	EMW-2022-SS0006 22HS122	50,000
Homeland Security: Bomb Squad	97.067	EMW-2023-SS-00007-S01 23LE122B	47,709
			<u>162,787</u>
Total US Department of Homeland Security			<u>13,780,238</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 18,852,170</u>

CITY OF BILOXI, MISSISSIPPI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024 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, 2024:

Governmental Activities	
Public safety - operating grants and contributions	\$ 364,184
Public safety - capital grants and contributions	96,287
Public works - capital grants and contributions	17,719,207
Public works - operating grants and contributions	307,580
Community development - operating grants and contributions	1,169,711
Grants not restricted to specific purpose	<u>1,293,342</u>
Business-type Activities	
Water and Sewer - capital grants and contributions	<u>955,522</u>
Total grants and contributions	21,905,833
Less: state grants and other aid	(581,328)
Less: other contributions	<u>(2,472,335)</u>
Total expenditures of federal awards	<u><u>\$ 18,852,170</u></u>

**CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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?	None reported
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:

<u>ALN Numbers</u>	<u>Name of Federal Programs</u>
97.039	<i>Disaster Grants – Presidentially Declared Disasters</i>
21.027	<i>Coronavirus State and Local Fiscal Recovery Funds</i>
14.218	<i>Community Development Block Grants</i>

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

**CITY OF BILOXI, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings

None reported.

CITY OF BILOXI, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2023-001 – 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: Resolved, the City is current in preparation and submission of the fiscal year 2024 audit.

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: Resolved, the City is current in preparation and submission of the fiscal year 2024 audit.

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: Resolved, the City is current in preparation and submission of the fiscal year 2024 audit.



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

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

June 27, 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, 2024 and have issued our report dated June 27, 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

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