

CITY OF GULFPORT, MISSISSIPPI

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2022



Prepared by:

Department of Finance

CITY OF GULFPORT, MISSISSIPPI
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

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FINANCIAL SECTION

The financial section contains the Independent Auditor's Report, the Basic Financial Statements (which include the Government-wide and Fund Level Financial Statements), Notes to the Financial Statements, Required Supplementary Information and the Combining and Individual Fund Financial Statements and schedules.



INDEPENDENT AUDITOR'S REPORT

**Members of the City Council and Mayor Billy Hewes, III
City of Gulfport, Mississippi
Gulfport, Mississippi**

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above 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 as of September 30, 2022, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Gulfport, 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.

Change in Accounting Principle

As discussed in Notes 1 and 3 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases, as of July 1, 2021. Our opinions are 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.

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'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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, 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 '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'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 ("MD&A") and the Required Supplementary Information, as listed in the table of contents, 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Nonmajor Fund financial statements and the Schedule of Surety Bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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 Schedule of Surety Bonds 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 April 5, 2024, on our consideration of the City of Gulfport, 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 the City of Gulfport, Mississippi's 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 Gulfport, Mississippi's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
April 5, 2024

CITY OF GULFPORT, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

Introduction

This section is a required component of the City of Gulfport, Mississippi's (the "City") Audited Financial Statements for the fiscal year ended September 30, 2022, and should be read in conjunction with the City's financial statements which immediately follow this section. As management of the City of Gulfport, Mississippi, we offer this narrative and analysis of the financial activities for the fiscal year ended. This discussion and analysis is designed to: 1) present the significant financial issues in a way that will assist the reader in understanding the overall financial condition of the City; 2) provide an overview of the City's financial activity; 3) identify changes in the City's financial position; 4) identify any material deviations from the City's financial plan (i.e. budget to actual); and 5) communicate currently known facts, decisions, or conditions that are expected to have a significant "future" effect on the financial position or results of operations.

Financial Highlights

- The City's General Fund, the main operating fund, operated in the "black" with revenues exceeding operating expenditures by over \$6.4 million.
- The City's General Fund's fund balance, which represents the difference between assets minus liabilities, decreased by \$13.6 million during the year, going from \$44.1 million in 2021 to \$30.5 million in 2022.
- The City's total capital assets decreased by \$2.5 million or 0.4%, going from \$647.2 million in 2021 to \$644.7 million in 2022. Capital assets consist of land, construction in process, buildings, infrastructure, machinery and equipment, and vehicles.
- The City's overall long-term debt increased by \$14.0 million or 4.6%, going from \$304.5 million in 2021 to \$318.5 million in 2022. Long-term debt consists of capital leases, notes payable, bonds payable, pension liability, death benefit claims, and self-insurance liability.

Brief Description of the Financial Statements

This annual report consists of a series of financial statements which are presented in a hierarchical structure. The highest level of reporting and most summarized statements are the Statement of Net Position (i.e., balance sheet) and Statement of Activities (i.e., income statement) contained on pages 17 and 18, respectively. These two statements provide financial information on the government as a whole similar to how private sector companies report their finances. These two statements are the only place within this report where a reader can review the operations and worth of the City as a whole. All of the City's annual revenues and expenses are reported in the Statement of Activities while the City's assets and liabilities are reported in the Statement of Net Position. These two statements answer the question "Is the City, as a whole, better off or worse off as a result of the year's activities?"

The second tier of financial reporting are the Major Fund Financial Statements. The fund financial statements begin on page 19 and provide detailed information about the City's most significant funds. Funds are accounting entities used to track specific funding sources and uses for particular programs. Individual funds are either established by law or set up for management purposes. Three separate sets of statements are issued depending on whether the activities are of a governmental nature, a business-like nature, or a fiduciary nature.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds – Most of the City's basic services are reported in the governmental funds. Examples include activities relating to governmental funds which are public safety, public works (non-water and sewer), culture and recreation, urban development, capital projects, debt service and general administration. The financial statements of Governmental Funds are reported on the modified accrual basis – which measures cash and all other financial assets that can readily be converted to cash. Governmental statements provide a more detailed short-term view. The amounts contained on these statements are adjusted for full accrual and rolled over to the government-wide statements. Governmental Fund Financial Statements are contained on pages 19-22.

Proprietary Funds – Activities existing from fees charged to customers for services provided by the City are reported in proprietary funds. Activities relating to the City's Water and Sewer Operations and Joseph T. Jones Yacht Basin are reported in this section. The financial presentation of these activities is reported on pages 23-27 of this report. These financial statements are reported on the full accrual basis – revenues are recognized when earned and measurable. Because both the proprietary fund statements and the government-wide statements are reported on the full accrual method of accounting, the total column of the proprietary funds statements are the same contained on the government-wide business type activities column of the Statement of Net Position and Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are presented in separate statements in this report beginning on page 28.

Financial Analysis of the City as a Whole Condensed Government-wide Statement of Net Position As of September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets	\$ 174,431,076	\$ 173,034,791	\$ 60,348,831	\$ 40,766,108	\$ 234,779,907	\$ 213,800,899
Capital assets, net	328,335,593	323,989,738	316,390,979	323,220,544	644,726,572	647,210,282
Total assets	<u>\$ 502,766,669</u>	<u>\$ 497,024,529</u>	<u>\$ 376,739,810</u>	<u>\$ 363,986,652</u>	<u>\$ 879,506,479</u>	<u>\$ 861,011,181</u>
Deferred outflows of resources	<u>\$ 10,138,936</u>	<u>\$ 6,619,555</u>	<u>\$ 417,183</u>	<u>\$ 552,474</u>	<u>\$ 10,556,119</u>	<u>\$ 7,172,029</u>
Liabilities:						
Current liabilities	\$ 36,209,869	\$ 11,826,755	\$ 14,749,205	\$ 8,319,029	\$ 50,959,074	\$ 20,145,784
Noncurrent liabilities	227,328,743	211,026,604	71,759,950	80,945,294	299,088,693	291,971,898
Total liabilities	<u>\$ 263,538,612</u>	<u>\$ 222,853,359</u>	<u>\$ 86,509,155</u>	<u>\$ 89,264,323</u>	<u>\$ 350,047,767</u>	<u>\$ 312,117,682</u>
Deferred inflows of resources	<u>\$ 28,382,380</u>	<u>\$ 45,896,580</u>	<u>\$ 5,555,447</u>	<u>\$ 565,630</u>	<u>\$ 33,937,827</u>	<u>\$ 46,462,210</u>
Net position:						
Net investment in capital assets	\$ 205,236,595	\$ 248,041,510	\$ 255,965,606	\$ 265,244,018	\$ 461,202,201	\$ 513,285,528
Restricted	51,794,235	54,213,458	-	-	51,794,235	54,213,458
Unrestricted	(36,046,217)	(67,360,823)	29,126,785	9,465,155	(6,919,432)	(57,895,668)
Total net position	<u>\$ 220,984,613</u>	<u>\$ 234,894,145</u>	<u>\$ 285,092,391</u>	<u>\$ 274,709,173</u>	<u>\$ 506,077,004</u>	<u>\$ 509,603,318</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Government-wide Statement of Net Position

Total Primary Government

From an "overall balance sheet perspective", the net position of the City as compared to the previous year decreased from \$509.6 million in 2021 to \$506.1 million in 2022, while total assets increased \$18.5 million, from \$861.0 million in 2021 to \$879.5 million in 2022. Much of this increase is the result of an increase in cash and cash equivalents. Total liabilities increased by \$37.9 million, from \$312.1 million in 2021 to \$350.0 million in 2022. This increase in liabilities is mostly due to the increase in current liabilities. Net position serves as a useful indicator of a government's financial position over time. By far, the majority of the City's net position is related to investment in capital assets, i.e., roads, bridges, parks, water, sewer, machinery, etc., net of related debt is \$461.2 million which represents approximately over 91.1% of the City's total net position.

Current assets increased by \$21.0 million during the year, increasing from \$213.8 million in 2021 to \$234.8 million in 2022. This increase is mostly due to American Rescue Plan Act ("ARPA") Grant Funds being received.

The below two sections are a breakdown of the Total Primary Government into the two sections entitled Governmental Activities and Business-type Activities.

Governmental Activities

Total assets for Governmental type activities increased by \$5.8 million, from \$497.0 million in 2021 to \$502.8 million in 2022; while current assets (cash, short term receivables, etc.) increased by \$1.4 million, from \$173.0 million in 2021 to \$174.4 million in 2022. Total governmental activities liabilities increased \$40.6 million, from \$222.9 million in 2021 to \$263.5 million in 2022. This increase is mostly due to the increase in current liabilities.

Business-type Activities

The City's business-type activities consist of the Water and Sewer, the Joseph T. Jones Memorial Park Funds, and the assets of the Gulfport Redevelopment Commission. Total business-type assets increased by \$12.7 million; from \$364.0 million in 2021 to \$376.7 million in 2022, with current assets increasing by \$19.5 million, and capital assets decreasing by \$6.8 million.

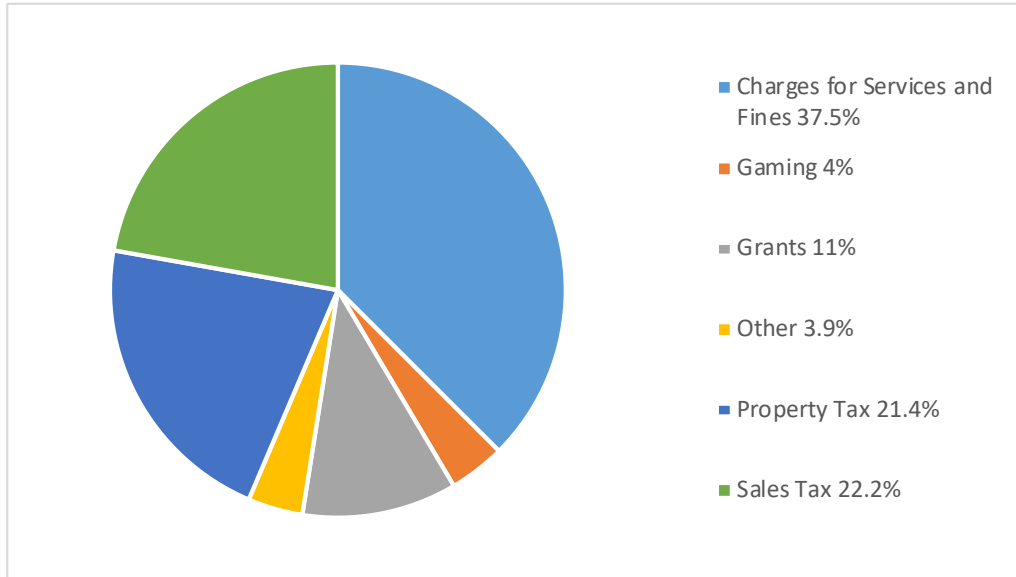
MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Government-wide Statement of Activities For the Year Ended September 30, 2022 and 2021

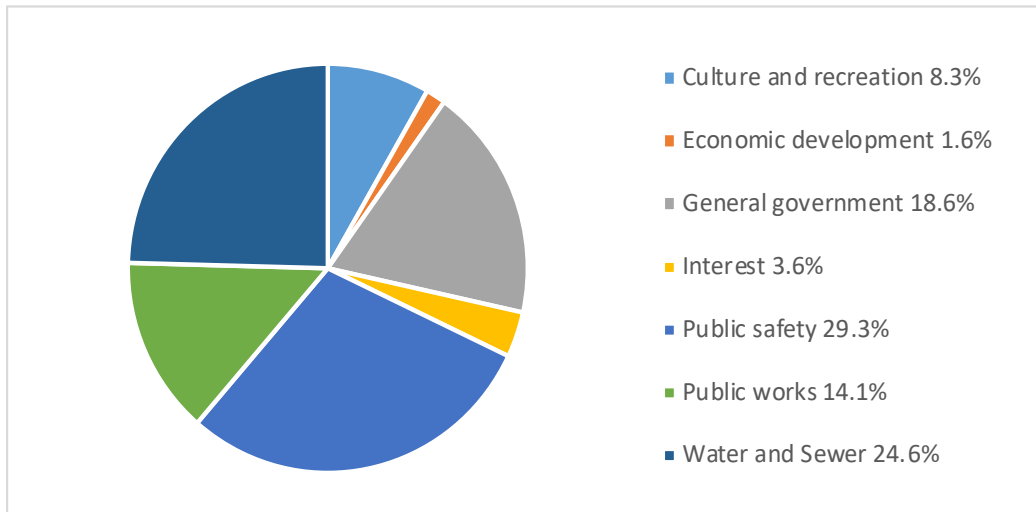
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for services	\$ 6,566,247	\$ 5,970,853	\$ 42,122,561	\$ 38,133,000	\$ 48,688,808	\$ 44,103,853
Operating grants and contributions	8,103,932	12,194,132	-	-	8,103,932	12,194,132
Capital grants and contributions	6,214,645	17,323,221	-	-	6,214,645	17,323,221
General revenues:						
Property taxes	27,750,864	27,010,288	-	-	27,750,864	27,010,288
Sales taxes	28,840,889	29,880,955	-	-	28,840,889	29,880,955
Franchise taxes	3,965,007	3,794,031	-	-	3,965,007	3,794,031
Gaming fees	5,252,513	3,991,565	-	-	5,252,513	3,991,565
Other	940,305	823,192	178,444	173,030	1,118,749	996,222
Total revenues	<u>\$ 87,634,402</u>	<u>\$ 100,988,237</u>	<u>\$ 42,301,005</u>	<u>\$ 38,306,030</u>	<u>\$ 129,935,407</u>	<u>\$ 139,294,267</u>
Program Expenses:						
General government	\$ 20,829,774	\$ 7,426,678	\$ -	\$ -	\$ 20,829,774	\$ 7,426,678
Public safety	32,909,599	28,151,272	-	-	32,909,599	28,151,272
Public works	15,852,341	13,875,314	-	-	15,852,341	13,875,314
Health and welfare	659,685	-	-	-	659,685	-
Economic development	1,805,547	2,452,654	-	-	1,805,547	2,452,654
Culture and recreation	9,305,353	14,804,435	-	-	9,305,353	14,804,435
Interest	3,998,394	2,891,935	-	-	3,998,394	2,891,935
Water and Sewer	-	-	27,570,701	31,514,169	27,570,701	31,514,169
Joseph T. Jones	-	-	8,995,165	2,508,866	8,995,165	2,508,866
GRC	-	-	1,783,395	1,672,149	1,783,395	1,672,149
Total expenses	<u>\$ 85,360,693</u>	<u>\$ 69,602,288</u>	<u>\$ 38,349,261</u>	<u>\$ 35,695,184</u>	<u>\$ 123,709,954</u>	<u>\$ 105,297,472</u>
Transfers	<u>\$ (6,431,474)</u>	<u>\$ (1,672,346)</u>	<u>\$ 6,431,474</u>	<u>\$ 1,672,346</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position	<u>\$ (4,157,765)</u>	<u>\$ 29,713,603</u>	<u>\$ 10,383,218</u>	<u>\$ 4,283,192</u>	<u>\$ 6,225,453</u>	<u>\$ 33,996,795</u>
Net position - beginning as restated	<u>\$ 225,142,378</u>	<u>\$ 205,180,542</u>	<u>\$ 274,709,173</u>	<u>\$ 270,425,981</u>	<u>\$ 499,851,551</u>	<u>\$ 475,606,523</u>
Net position - ending	<u>\$ 220,984,613</u>	<u>\$ 234,894,145</u>	<u>\$ 285,092,391</u>	<u>\$ 274,709,173</u>	<u>\$ 506,077,004</u>	<u>\$ 509,603,318</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Government-wide Statement of Activities Where Does the Money Come From?



Where Does the Money Go?



MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues

The City's revenues exceeded expenses by \$2.2 million in 2022.

Charges for Services and Fees – Charges for services accounts for \$48.7 million, or 37.5% of the City's total revenues.

Property Tax – Property tax accounts for \$27.8 million, or 21.4% of the City's total revenues, and is considered the most stable revenue source for the City. The City's property tax revenue is expected to recognize growth in the near future as a result of residential and commercial property investments and development.

Sales Tax – Sales and use tax receipts account for \$28.8 million, or 22.2% of the City's total revenues. The City is recognizing moderate growth in sales taxes collected when compared to the previous fiscal year.

Grants – The City received a total of \$14.3 million in grant revenues in 2022 as compared to \$29.5 million in 2021. The majority of these grants were related to the COVID-19 pandemic economic recovery funds.

Expenses

The City's total government-wide expenses were \$123.7 million in 2022 as compared to \$105.3 million in 2021. This represents an increase of \$18.4 million, or 17.5%. This increase is mainly attributed to an increase in general government spending.

The table below represents the cost of each of the City's major governmental functional areas – general government, public safety, public works, health and welfare, economic development, and culture and recreation. The costs are separated into total cost and net cost. The net cost shows the financial burden that was placed on the City's taxpayers after taking into account the program revenues generated by each of the major functional areas.

Governmental Activities - Costs

	Total Cost of Service	Net Cost of Service
Governmental activities:		
General government	\$ 20,829,774	\$ (13,315,920)
Public safety	32,909,599	(29,953,416)
Public works	15,852,341	(5,852,127)
Health and welfare	659,685	(659,685)
Economic development	1,805,547	(1,566,878)
Culture and recreation	9,305,353	(9,129,449)
Interest on long-term debt	3,998,394	(3,998,394)
Total governmental activities	\$ 85,360,693	\$ (64,475,869)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Analysis

The City maintains fund accounting to comply with budgetary and legal compliance and for specific management control. The following is a brief discussion of financial highlights from the major fund financial statements.

Governmental Funds

The focus of the governmental fund financial statements is to provide information on current financial resources of the City. Funds included in this category are as follows: General Fund, Capital Project Fund, Special Revenue Funds (i.e., Forfeits and Seizures, Community Development, and Police and Fire Retirement), Disaster Relief Fund and the Debt Service Fund.

The General Fund is the primary “governmental operating fund” of the City. Activities that are traditional in nature to governmental entities are reported in this fund (i.e., public safety, public works (operations and maintenance), culture and recreation, economic development, and general government). The General Fund accounts for nearly 77.6% of the City’s total governmental funds’ revenues and 67.7% of the City’s total governmental funds’ expenditures. Overall, the General Fund’s financial condition improved as compared to the previous year.

General Fund - Financial Summary

	2022	2021
Total revenues	\$ 68,182,463	\$ 80,394,792
Total expenditures	61,745,303	56,110,141
Excess (deficit) of revenues over expenses	\$ 6,437,160	\$ 24,284,651
Other sources (uses)	(10,263,226)	47,811
Net change in fund balance	\$ (3,826,066)	\$ 24,332,462
Fund balance, beginning, as restated	34,324,699	19,744,004
Fund balance, ending	\$ 30,498,633	\$ 44,076,466

- The General Fund operated in the “black” by \$6.4 million in 2022 with revenues of \$68.2 million and expenditures of \$61.8 million. The majority of this surplus was the receipt of grant reimbursements.
- The General Fund’s total assets decreased by \$9.9 million, from \$74.5 million in 2021 to \$64.6 million in 2022.
- The General Fund’s unassigned fund balance decreased by \$13.6 million, from \$44.1 million in 2021 to \$30.5 million in 2022. Unrestricted fund balance is extremely important in that it represents that portion of the City’s assets (mainly cash and receivables) that are not designated for expenditures. The purpose of these funds is to: 1) stabilize tax rates in an economic downturn, 2) provide the City with resources in the event of a natural disaster, and 3) provide the City with resources for other unforeseen events and/or circumstances.
- Total General Fund revenues decreased by \$12.2 million, or 15.2%, from \$80.4 million in 2021 to \$68.2 million in 2022.
- Total General Fund expenditures increased by \$5.7 million, or 9.2%, from \$56.1 million in 2021 to \$61.8 million in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Projects ARPA Fund - Financial Summary

	2022	2021
Total revenues	\$ 43,678	\$ -
Total expenditures	-	-
Excess (deficit) of revenues over expenses	\$ 43,678	\$ -
Other sources (uses)	153,261	-
Net change in fund balance	\$ 196,939	\$ -
Fund balance, beginning, as restated	-	-
Fund balance, ending	\$ 196,939	\$ -

- The Capital Projects ARPA Fund was established in fiscal year 2022.
- The Capital Projects ARPA Fund operated immaterially in the “black” in 2022.

Capital Projects MIMA Fund - Financial Summary

	2022	2021
Total revenues	\$ 695,546	\$ -
Total expenditures	10,339,751	-
Excess (deficit) of revenues over expenses	\$ (9,644,205)	\$ -
Other sources (uses)	-	-
Net change in fund balance	\$ (9,644,205)	\$ -
Fund balance, beginning, as restated	52,028,332	-
Fund balance, ending	\$ 42,384,127	\$ -

- The Capital Projects MIMA Fund was established in fiscal year 2022. The beginning fund balance is restated because this was reported as part of the overall Capital Projects fund in the previous fiscal year.
- The Capital Projects MIMA Fund operated in the “red” by \$9.6 million in 2022 with revenues of \$0.7 million and expenditures of \$10.3 million. This is due to the spending of funds related to a debt issuance in the previous fiscal year.
- Capital Projects MIMA fund assets decreased by \$9.6 million; from \$52.0 million in 2021 to \$42.4 million in 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Service Fund - Financial Summary

	2022	2021
Total revenues	\$ 5,063,003	\$ 5,710,048
Total expenditures	6,936,434	6,238,519
Excess (deficit) of revenues over expenses	\$ (1,873,431)	\$ (528,471)
Other sources (uses)	(138,671)	10,725,432
Net change in fund balance	\$ (2,012,102)	\$ 10,196,961
Fund balance, beginning, as restated	21,249,717	11,052,756
Fund balance, ending	\$ 19,237,615	\$ 21,249,717

- The Debt Service Fund operated in the “red” by \$1.9 million in 2022 with revenues of \$5.1 million and expenditures of \$7.0 million.
- Debt Service Fund assets decreased by \$1.9 million, from \$28.0 million in 2021 to \$26.1 million in 2022.
- Detail debt schedules can be located in Note 9: Long-Term Debt in the Notes to the Basic Financial Statements.

Business-type Activities Water and Sewer Fund

The purpose of the City’s Water and Sewer Fund is to account for activities of its water and sewer operations. The financial reporting of this fund is contained on the government-wide financial statements under the column entitled “business-type activities”. Below is a condensed operating statement of the City’s Water and Sewer Fund.

Water and Sewer Fund For the Year Ended September 30, 2022 and 2021

	2022	2021
Operating revenues	\$ 30,961,362	\$ 36,912,503
Operating expenses	24,786,373	29,353,428
Operating income/(loss)	\$ 6,174,989	\$ 7,559,075
Nonoperating income/(expense):		
Interest expense	(2,308,320)	(1,749,897)
Other	(298,779)	(239,285)
Income before transfers	\$ 3,567,890	\$ 5,569,893
Transfers	5,131,891	822,272
Change in Net Position	\$ 8,699,781	\$ 6,392,165
Net position, beginning	150,052,680	143,660,515
Net position, ending	\$ 158,752,461	\$ 150,052,680

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's Water and Sewer Fund's operating income was \$7.5 million in 2021 as compared to an operating income of \$6.2 million in 2022. It is important to remember that income from operations does not include interest expense as this is reported in the non-operating items nor does this amount include repayment of principal on borrowed funds. Revenues decreased by \$5.9 million while expenses decreased by \$4.6 million during 2021. The amount identified above as "Other" includes loss on disposal of capital assets, interest income, and other debt service costs.

Fund Budgetary Highlights

The City's General Fund Budget has been prepared in accordance with the laws of the State of Mississippi. The City maintains specific budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the Mayor and Council. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by department and major expenditure classification (i.e., personnel services, supplies, other services, and capital outlay) and require approval by the governing body.

Summary of Budget to Actual (Budget Basis) Amounts General Fund For the year ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>
Taxes:			
Property	\$ 21,833,200	\$ 21,971,544	\$ 21,971,544
Sales	23,627,483	28,840,889	28,840,889
Gaming fees	3,320,000	5,252,513	5,252,513
Licenses, permits and franchise fees	4,800,000	5,289,602	5,289,602
Intergovernmental	2,388,662	3,532,697	3,532,697
Charges for services/rents/leases	2,400,000	2,128,835	2,128,835
Fines and fees	900,000	693,391	693,391
Interest income	430,340	353,542	353,542
Miscellaneous/other	139,660	293,745	293,745
Total revenues	<u>\$ 59,839,345</u>	<u>\$ 68,356,758</u>	<u>\$ 68,356,758</u>
General government	11,486,945	9,662,571	9,662,571
Public safety	31,275,596	33,872,317	33,953,790
Public works	10,804,372	9,907,558	9,907,512
Economic development	2,165,598	1,889,433	1,889,433
Culture and recreation	6,142,284	5,951,864	6,076,658
Total expenditures	<u>\$ 61,874,795</u>	<u>\$ 61,283,743</u>	<u>\$ 61,489,964</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (2,035,450)</u>	<u>\$ 7,073,015</u>	<u>\$ 6,866,794</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City amended its General Fund's revenue and expenditure budget many times throughout the fiscal year. Below is a brief description of major budget amendments.

- The revenue budget (original versus revised) was amended upward by approximately \$8.6 million. The original budget of \$59.8 million as compared to the revised budget of \$68.4 million was primarily due to adjusting conservative income expectations based on actual revenue receipts.
- The expenditure budget (original versus revised) was amended downward by \$0.6 million, or 1.0%. The original budget of \$61.9 million as compared to the revised budget of \$61.3 million was primarily due to increases in public safety spending and decreases in other departmental spending.
- Overall, the City's General Fund actual revenues for 2022 (budget basis) of \$68.4 million represents a \$8.6 million increase from the original budget. This variance is mostly represented by conservative budgeting of sales and use tax revenues and gaming fees.
- Overall, the City's General Fund actual expenditures for 2022 (budget basis) of \$61.5 million represents a \$0.4 million decrease from the original budget. This variance is immaterial for budget purposes.

Capital Assets and Debt Administration

Capital Assets

Schedule of Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and construction in progress	\$ 42,619,255	\$ 31,091,784	\$ 32,819,295	\$ 113,552,879	\$ 75,438,550	\$ 144,644,663
Buildings	57,990,850	59,508,069	84,253,970	7,085,097	142,244,820	66,593,166
Improvements and infrastructure	217,847,757	223,684,069	197,184,183	199,901,827	415,031,940	423,585,896
Machinery and equipment	2,310,394	2,560,475	1,836,166	2,089,499	4,146,560	4,649,974
Capital leases	2,811,515	3,088,454	-	-	2,811,515	3,088,454
Vehicles	4,755,822	4,056,887	297,365	591,242	5,053,187	4,648,129
Total	\$ 328,335,593	\$ 323,989,738	\$ 316,390,979	\$ 323,220,544	\$ 644,726,572	\$ 647,210,282

- The above table represents the values (net of depreciation) of the City's various classes of assets. The ending 2022 asset values are \$644.7 million and included a wide range of assets: land, buildings, parks, roads, bridges, drainage systems, machinery, vehicles, and water and sewer systems. Asset values decreased by \$2.5 million, or 0.4%, in 2022 (after depreciation) as compared to the prior year. Detail capital asset schedules can be located in Note 7: Capital Assets in the Notes to the Basic Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Depreciation expense for 2022 totaled \$16.3 million and was allocated to the following classes of assets:

Allocation of Depreciation by Major Asset Class

	Governmental Activities	Business-type Activities	Total
Buildings	\$ 1,517,219	\$ 176,365	\$ 1,693,584
Improvements and infrastructure	6,579,019	6,277,135	12,856,154
Machinery and equipment	406,246	253,333	659,579
Vehicles	436,555	293,877	730,432
Equipment under capital leases	276,939	55,866	332,805
Total	\$ 9,215,978	\$ 7,056,576	\$ 16,272,554

Depreciation is both an extremely useful tool and is often underutilized in the financial planning process. In order to adequately maintain the City's assets, the amounts contained in the above depreciation allocation table should become a recurring expense item in future City budgets.

Debt Administration

Schedule of Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds payable	\$ 135,885,189	\$ 142,015,518	\$ 67,816,919	\$ 72,246,957	\$ 203,702,108	\$ 214,262,475
Notes payable	3,972,194	7,204,267	9,528,979	11,337,145	13,501,173	18,541,412
Capital leases payable	554,500	622,194	-	-	554,500	622,194
Net pension liability	94,461,471	65,852,634	2,921,489	1,775,142	97,382,960	67,627,776
Compensated absences	2,612,770	2,660,982	102,785	81,844	2,715,555	2,742,826
Claims and judgements	28,000	28,000	-	-	28,000	28,000
Liability for self insurance	657,151	695,255	-	-	657,151	695,255
Total	\$ 238,171,275	\$ 219,078,850	\$ 80,370,172	\$ 85,441,088	\$ 318,541,447	\$ 304,519,938

The above amounts do not include debt relating to Memorial Hospital at Gulfport which is a joint venture of the City.

For more detailed information, detail debt schedules can be located in Note 9: Long-term Debt in the Notes to the Basic Financial Statements.

Contacting the City's Finance and Accounting Team

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, please feel free to contact the City's Department of Finance and Accounting at (228) 868-5705 or review the City's website at <http://www.gulfport-ms.gov>.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF GULFPORT, MISSISSIPPI

STATEMENT OF NET POSITION SEPTEMBER 30, 2022

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 93,431,740	\$ 32,936,750	\$ 126,368,490
Receivables, net	34,406,347	8,381,463	42,787,810
Court fines receivable, net	7,752,245	-	7,752,245
Lease receivable	251,540	5,532,172	5,783,712
Due from other governments	9,133,802	-	9,133,802
Internal balances	10,145,749	(10,145,749)	-
Prepaid insurance	1,130,594	-	1,130,594
Restricted assets:			
Cash and cash equivalents	866,174	6,817,770	7,683,944
Investments	17,312,885	16,826,425	34,139,310
Total current assets	174,431,076	60,348,831	234,779,907
Noncurrent Assets			
Capital assets:			
Nondepreciable	42,619,255	32,819,295	75,438,550
Depreciable, net	285,716,338	283,571,684	569,288,022
Total noncurrent assets	328,335,593	316,390,979	644,726,572
Total assets	502,766,669	376,739,810	879,506,479
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refundings	-	117,375	117,375
Pension	10,138,936	299,808	10,438,744
Total deferred outflows or resources	10,138,936	417,183	10,556,119
LIABILITIES			
Current Liabilities			
Accounts payable	3,496,236	2,705,342	6,201,578
Accrued interest	1,313,663	895,173	2,208,836
Sales tax payable	-	3,403	3,403
Accrued wages payable	950,894	24,177	975,071
Retainage payable	-	39,152	39,152
Unearned revenues	19,544,347	-	19,544,347
Customer deposits payable	-	2,712,914	2,712,914
Financed purchases due within one year	70,354	-	70,354
Bonds payable due within one year	9,005,437	8,297,095	17,302,532
Compensated absences due within one year	1,828,938	71,949	1,900,887
Total current liabilities	36,209,869	14,749,205	50,959,074
Noncurrent Liabilities			
Liability for self-insurance	657,151	-	657,151
Financed purchases due in more than one year	484,146	-	484,146
Notes payable due in more than one year	3,972,194	9,528,979	13,501,173
Bonds payable due in more than one year	126,879,752	59,519,824	186,399,576
Compensated absences due in more than one year	783,832	30,836	814,668
Net pension liability	94,523,668	2,680,311	97,203,979
Death benefit claims	28,000	-	28,000
Total noncurrent liabilities	227,328,743	71,759,950	299,088,693
Total liabilities	263,538,612	86,509,155	350,047,767
DEFERRED INFLOWS OF RESOURCES			
Deferred lease revenue	251,540	5,532,172	5,783,712
Deferred property tax revenue	28,130,840	-	28,130,840
Deferred charges on refundings	-	23,275	23,275
Total deferred inflows of resources	28,382,380	5,555,447	33,937,827
NET POSITION			
Net investment in capital assets	205,236,595	255,965,606	461,202,201
Restricted for:			
Public safety	861,320	-	861,320
Capital projects	50,932,915	-	50,932,915
Unrestricted	(36,046,217)	29,126,785	(6,919,432)
Total net position	\$ 220,984,613	\$ 285,092,391	\$ 506,077,004

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

CITY OF GULFPORT, MISSISSIPPI

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 20,829,774	\$ 3,997,853	\$ 3,516,001	\$ -	\$ (13,315,920)	\$ -	\$ (13,315,920)
Public safety	32,909,599	2,316,222	-	639,961	(29,953,416)	-	(29,953,416)
Public works	15,852,341	76,268	4,587,931	5,336,015	(5,852,127)	-	(5,852,127)
Health and welfare	659,685	-	-	-	(659,685)	-	(659,685)
Economic development	1,805,547	-	-	238,669	(1,566,878)	-	(1,566,878)
Culture and recreation	9,305,353	175,904	-	-	(9,129,449)	-	(9,129,449)
Interest	3,998,394	-	-	-	(3,998,394)	-	(3,998,394)
Total governmental activities	<u>85,360,693</u>	<u>6,566,247</u>	<u>8,103,932</u>	<u>6,214,645</u>	<u>(64,475,869)</u>	<u>-</u>	<u>(64,475,869)</u>
Business-type activities:							
Water and Sewer	27,570,701	30,961,362	-	-	-	3,390,661	3,390,661
Joseph T. Jones Park	8,995,165	8,030,535	-	-	-	(964,630)	(964,630)
Gulfport Redevelopment Commission	1,783,395	3,130,664	-	-	-	1,347,269	1,347,269
Total business-type activities	<u>38,349,261</u>	<u>42,122,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,773,300</u>	<u>3,773,300</u>
Total primary government	<u>\$ 123,709,954</u>	<u>\$ 48,688,808</u>	<u>\$ 8,103,932</u>	<u>\$ 6,214,645</u>	<u>(64,475,869)</u>	<u>3,773,300</u>	<u>(60,702,569)</u>
General revenues:							
Property taxes, levied for special purposes					26,775,730	-	26,775,730
Property taxes, levied for general purposes					975,134	-	975,134
Sales taxes					28,840,889	-	28,840,889
Franchise taxes					3,965,007	-	3,965,007
Gaming fees					5,252,513	-	5,252,513
Earnings on investments					940,305	178,444	1,118,749
Transfers					(6,431,474)	6,431,474	-
Total general revenues and transfers					<u>60,318,104</u>	<u>6,609,918</u>	<u>66,928,022</u>
Change in net position					(4,157,765)	10,383,218	6,225,453
Net position, beginning of year, as restated					225,142,378	274,709,173	499,851,551
Net position, end of year					<u>\$ 220,984,613</u>	<u>\$ 285,092,391</u>	<u>\$ 506,077,004</u>

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund (major fund) – This fund is used to account for all governmental sources and uses of financial resources applicable to the general operations of the City of Gulfport, Mississippi, which are not legally or by sound financial management to be accounted for in another fund.

Capital Projects Mississippi Infrastructure Modernization Act (“MIMA”) Fund (major fund) – In 2021, the City issued debt to complete capital projects authorized under the Mississippi Infrastructure Modernization Act of 2018. This fund is used to account for the bond proceeds receipts and respective capital expenditures associated with the capital projects appropriated with this bond funding.

American Rescue Plan Act (“ARPA”) Fund (major fund) – This fund is a special revenue fund that accounts for the financial resources provided and subsequently expended from the ARPA grant received from the federal government.

Debt Service Fund (major fund) – This fund is used to account for the payment of principal and interest on the City’s outstanding debt.

Nonmajor Governmental Funds are presented by fund type in the Supplementary Section.

CITY OF GULFPORT, MISSISSIPPI

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2022

ASSETS	General Fund	Capital Projects MIMA Fund	ARPA Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 6,768,909	\$ 44,282,474	\$ 19,700,493	\$ 3,631,228	\$ 15,676,212	\$ 90,059,316
Receivables:						
Property tax	22,093,508	-	-	5,186,230	1,023,927	28,303,665
Sales tax	4,496,638	-	-	-	-	4,496,638
Franchise taxes	1,062,952	-	-	-	-	1,062,952
Gaming fees	398,554	-	-	-	-	398,554
Intergovernmental receivable	28,150	-	-	-	9,105,652	9,133,802
Court fines and fees	7,752,245	-	-	-	-	7,752,245
Other	144,538	-	-	-	-	144,538
Lease receivable	251,540	-	-	-	-	251,540
Due from other funds	21,557,936	-	-	-	4,054,243	25,612,179
Restricted assets:						
Cash and cash equivalents	-	-	-	-	866,174	866,174
Investments	-	-	-	17,312,885	-	17,312,885
Total assets	<u>\$ 64,554,970</u>	<u>\$ 44,282,474</u>	<u>\$ 19,700,493</u>	<u>\$ 26,130,343</u>	<u>\$ 30,726,208</u>	<u>\$ 185,394,488</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 2,451,190	\$ 610,658	\$ -	\$ 8,657	\$ 390,070	\$ 3,460,575
Accrued wages payable	947,584	-	-	-	3,310	950,894
Unearned revenues	40,813	-	19,503,534	-	-	19,544,347
Due to other funds	525,892	1,287,689	-	1,730,276	10,895,273	14,439,130
Total liabilities	<u>3,965,479</u>	<u>1,898,347</u>	<u>19,503,534</u>	<u>1,738,933</u>	<u>11,288,653</u>	<u>38,394,946</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable intergovernmental revenue	-	-	-	-	6,702,169	6,702,169
Unavailable lease receipts	251,540	-	-	-	-	251,540
Unavailable permit revenue	127,551	-	-	-	-	127,551
Unavailable property tax revenue	21,959,522	-	-	5,153,795	1,017,523	28,130,840
Unavailable court fine revenue	7,752,245	-	-	-	-	7,752,245
Total deferred inflows of resources	<u>30,090,858</u>	<u>-</u>	<u>-</u>	<u>5,153,795</u>	<u>7,719,692</u>	<u>42,964,345</u>
FUND BALANCES						
Restricted for:						
Public safety	-	-	-	-	861,320	861,320
Capital projects	-	42,384,127	-	-	8,548,788	50,932,915
Debt service	-	-	-	19,237,615	-	19,237,615
Committed for:						
Capital projects	-	-	-	-	2,933,479	2,933,479
Assigned:						
Capital projects	-	-	196,959	-	-	196,959
Unassigned	30,498,633	-	-	-	(625,724)	29,872,909
Total fund balances	<u>30,498,633</u>	<u>42,384,127</u>	<u>196,959</u>	<u>19,237,615</u>	<u>11,717,863</u>	<u>104,035,197</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 64,554,970</u>	<u>\$ 44,282,474</u>	<u>\$ 19,700,493</u>	<u>\$ 26,130,343</u>	<u>\$ 30,726,208</u>	<u>\$ 185,394,488</u>

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

CITY OF GULFPORT, MISSISSIPPI

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

Total governmental funds balance		\$ 104,035,197
Amounts reported for governmental activities in the Statement of Net Position are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Governmental capital assets	\$ 520,917,811	
Less: accumulated depreciation	<u>(192,582,218)</u>	328,335,593
<p>Long-term liabilities are not due and payable in the current period expenditures and, therefore, are not reported in the governmental funds.</p>		
Bonds payable	\$ (125,422,964)	
Note payable	(3,972,194)	
Financed purchases payable	(554,500)	
Compensated absences	(2,612,770)	
Claims payable	<u>(28,000)</u>	(132,590,428)
<p>Governmental funds report the effect of discounts, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Bond premium		(10,462,225)
<p>Other long-term assets are not available to pay on current period expenditures and, therefore, are unavailable in the funds.</p>		
Court fines receivable	\$ 7,752,245	
Permit receivable	127,551	
Intergovernmental receivable	<u>6,702,169</u>	14,581,965
<p>The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.</p>		
		(94,523,668)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources		10,138,936
<p>Internal service funds are used by management to charge the costs of various internal operations to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position as follows:</p>		
Current assets	\$ 4,623,474	
Current liabilities	(1,183,417)	
Estimated claims payable	<u>(657,151)</u>	2,782,906
<p>Accrued interest not due and payable in the current period expenditures and, therefore, is not reported in the funds.</p>		
		<u>(1,313,663)</u>
Net position of governmental activities		<u><u>\$ 220,984,613</u></u>

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

CITY OF GULFPORT, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Capital Projects MiIMA Fund	ARPA Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 21,797,249	\$ -	\$ -	\$ 4,978,481	\$ 975,134	\$ 27,750,864
Sales tax	28,840,889	-	-	-	-	28,840,889
Franchise taxes	3,965,007	-	-	-	-	3,965,007
Gaming fees	5,252,513	-	-	-	-	5,252,513
Licenses and permits	1,324,595	-	-	-	-	1,324,595
Intergovernmental	3,532,697	194,764	-	84,522	12,373,159	16,185,142
Charges for services	2,128,835	-	-	-	-	2,128,835
Fines and forfeitures	693,391	-	-	-	-	693,391
Interest income	353,542	500,782	43,678	-	4,764	902,766
Miscellaneous	293,745	-	-	-	514,898	808,643
Total revenues	<u>68,182,463</u>	<u>695,546</u>	<u>43,678</u>	<u>5,063,003</u>	<u>13,867,955</u>	<u>87,852,645</u>
EXPENDITURES						
Current:						
General government	9,860,794	-	-	333,803	-	10,194,597
Public safety	33,751,182	-	-	-	1,001,138	34,752,320
Public works	10,192,636	-	-	-	-	10,192,636
Economic development	1,889,433	-	-	-	250,855	2,140,288
Culture and recreation	6,051,258	-	-	-	1,160,614	7,211,872
Capital outlay	-	10,339,751	-	-	2,885,751	13,225,502
Debt service:						
Principal	-	-	-	3,518,494	4,862,073	8,380,567
Interest	-	-	-	3,084,137	1,868,496	4,952,633
Total expenditures	<u>61,745,303</u>	<u>10,339,751</u>	<u>-</u>	<u>6,936,434</u>	<u>12,028,927</u>	<u>91,050,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,437,160</u>	<u>(9,644,205)</u>	<u>43,678</u>	<u>(1,873,431)</u>	<u>1,839,028</u>	<u>(3,197,770)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	35,150	-	-	-	6,173	41,323
Transfers in	-	-	153,281	-	6,669,377	6,822,658
Transfers out	(10,298,376)	-	-	(138,671)	(3,498,496)	(13,935,543)
Total other financing sources (uses)	<u>(10,263,226)</u>	<u>-</u>	<u>153,281</u>	<u>(138,671)</u>	<u>3,177,054</u>	<u>(7,071,562)</u>
Net change in fund balances	<u>(3,826,066)</u>	<u>(9,644,205)</u>	<u>196,959</u>	<u>(2,012,102)</u>	<u>5,016,082</u>	<u>(10,269,332)</u>
FUND BALANCES, beginning of year, as restated	<u>34,324,699</u>	<u>52,028,332</u>	<u>-</u>	<u>21,249,717</u>	<u>6,701,781</u>	<u>114,304,529</u>
FUND BALANCES, end of year	<u>\$ 30,498,633</u>	<u>\$ 42,384,127</u>	<u>\$ 196,959</u>	<u>\$ 19,237,615</u>	<u>\$ 11,717,863</u>	<u>\$ 104,035,197</u>

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

CITY OF GULFPORT, MISSISSIPPI

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

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds. \$ (10,269,332)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	\$ 13,799,327	
Depreciation	<u>(9,215,978)</u>	4,583,349

Proceeds from the sale of capital assets are recorded as other sources of income in the Statement of Revenues, Expenditures and Changes in Fund Balances; however, these proceeds are offset by disposal of assets to show gains or losses from the sale of capital assets in the Statement of Activities.

(237,494)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of debt	\$ 8,380,567	
Bond premiums amortization	<u>1,049,529</u>	9,430,096

Because some revenues will not be collected for several months after the City's fiscal year-end, they are considered "available" revenues in the governmental funds.

Amounts not meeting prior year availability criteria, recognized in the governmental funds in current year:

Fines and forfeitures		1,481,553
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Amounts not meeting current year availability criteria, not recognized in the governmental funds in current year:

Intergovernmental	\$ (1,849,869)	
Permits	<u>112,534</u>	(1,737,335)

Pension expense and other related activity do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.

Additional pension expense		(6,922,716)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	\$ (95,290)	
Compensated absences	<u>48,212</u>	(47,078)

Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities.

(438,808)

\$ (4,157,765)

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

PROPRIETARY FUND FINANCIAL STATEMENTS

Water and Sewer Fund (major fund) – This fund is used to account for the activities of the Water and Sewer operations of the City of Gulfport, Mississippi.

Gulfport Redevelopment Commission Fund (major fund blended component unit) – The Commission's sole purpose is to finance, develop and manage City owned property. Its assets were received from the City and consist of the south parcel of the VA property given to the City by the Department of Veteran Affairs in 2009.

Nonmajor Proprietary Funds are presented by fund type in the Supplementary Section.

Internal Service Funds are presented in the Supplementary Section.

CITY OF GULFPORT, MISSISSIPPI

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2022**

	Water and Sewer Fund	Gulfport Redevelopment Commission Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 24,838,319	\$ 918,040	\$ 7,180,391	\$ 32,936,750	\$ 3,372,424
Accounts receivable, net of allowances	4,635,807	3,710,119	35,537	8,381,463	-
Lease receivable		5,280,329	251,843	5,532,172	
Due from other funds	5,817,899	-	-	5,817,899	120,456
Prepaid insurance	-	-	-	-	1,130,594
Restricted assets:					
Cash	6,817,770	-	-	6,817,770	-
Investments	16,826,425	-	-	16,826,425	-
Total current assets	<u>58,936,220</u>	<u>9,908,488</u>	<u>7,467,771</u>	<u>76,312,479</u>	<u>4,623,474</u>
NON-CURRENT ASSETS					
Capital assets:					
Land	659,327	29,963,149	592,970	31,215,446	-
Construction in progress	94,683	1,509,166	-	1,603,849	-
Buildings	-	83,249,292	3,994,210	87,243,502	-
Improvements and infrastructure	281,549,694	-	23,909,422	305,459,116	-
Machinery and equipment	3,134,420	132,705	1,644,381	4,911,506	-
Vehicles	753,551	-	71,916	825,467	-
Less: accumulated depreciation	<u>(103,988,618)</u>	<u>(2,333,115)</u>	<u>(8,546,174)</u>	<u>(114,867,907)</u>	<u>-</u>
Total non-current assets	<u>182,203,057</u>	<u>112,521,197</u>	<u>21,666,725</u>	<u>316,390,979</u>	<u>-</u>
Total assets	<u>241,139,277</u>	<u>122,429,685</u>	<u>29,134,496</u>	<u>392,703,458</u>	<u>4,623,474</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refundings	117,375	-	-	117,375	-
Deferred amounts on pension	199,872	-	99,936	299,808	-
Total deferred outflows of resources	<u>317,247</u>	<u>-</u>	<u>99,936</u>	<u>417,183</u>	<u>-</u>

(Continued)

CITY OF GULFPORT, MISSISSIPPI

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2022**

	Water and Sewer Fund	Gulfport Redevelopment Commission Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 1,301,863	\$ 61,604	\$ 1,341,875	\$ 2,705,342	\$ 35,661
Accrued interest	632,502	262,671	-	895,173	-
Sales tax payable	3,254	-	149	3,403	-
Accrued wages payable	17,193	-	6,984	24,177	-
Retainage payable	39,152	-	-	39,152	-
Due to other funds	8,281,231	-	7,682,417	15,963,648	1,147,756
Liability for self-insurance claims	-	-	-	-	657,151
Bonds payable	8,297,095	-	-	8,297,095	-
Compensated absences	62,220	-	9,729	71,949	-
Customer deposits	2,712,914	-	-	2,712,914	-
Total current liabilities	<u>21,347,424</u>	<u>324,275</u>	<u>9,041,154</u>	<u>30,712,853</u>	<u>1,840,568</u>
NON-CURRENT LIABILITIES					
Bonds payable	59,519,824	-	-	59,519,824	-
Notes payable	-	9,528,979	-	9,528,979	-
Net pension liability	1,786,874	-	893,437	2,680,311	-
Compensated absences	26,666	-	4,170	30,836	-
Total non-current liabilities	<u>61,333,364</u>	<u>9,528,979</u>	<u>897,607</u>	<u>71,759,950</u>	<u>-</u>
Total liabilities	<u>82,680,788</u>	<u>9,853,254</u>	<u>9,938,761</u>	<u>102,472,803</u>	<u>1,840,568</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts on refunding	23,275	-	-	23,275	-
Deferred lease	-	5,280,329	251,843	5,532,172	-
Total deferred inflows of resources	<u>23,275</u>	<u>5,280,329</u>	<u>251,843</u>	<u>5,555,447</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	131,306,663	102,992,218	21,666,725	255,965,606	-
Unrestricted	27,445,798	4,303,884	(2,622,897)	29,126,785	2,782,906
Total net position	<u>\$ 158,752,461</u>	<u>\$ 107,296,102</u>	<u>\$ 19,043,828</u>	<u>\$ 285,092,391</u>	<u>\$ 2,782,906</u>

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

CITY OF GULFPORT, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Water and Sewer Fund	Gulfport Redevelopment Commission	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 30,961,362	\$ 3,104,933	\$ 7,795,862	\$ 41,862,157	\$ -
Employee contributions	-	-	-	-	1,064,373
Retiree contributions	-	-	-	-	192,312
Employer contributions and estimate changes	-	-	-	-	6,349,984
Miscellaneous	-	25,731	234,673	260,404	852,692
Total operating revenues	<u>30,961,362</u>	<u>3,130,664</u>	<u>8,030,535</u>	<u>42,122,561</u>	<u>8,459,361</u>
OPERATING EXPENSES					
Personnel services	1,232,379	-	527,571	1,759,950	-
Contractual services	14,782,366	1,416,106	7,018,156	23,216,628	-
Materials and supplies	2,514,090	-	630,711	3,144,801	-
Administrative expenses	-	-	5,509	5,509	928,953
Premium payments	-	-	-	-	2,701,481
Claims	-	-	-	-	5,986,685
Capital outlay	-	-	108,682	108,682	-
Depreciation expense	6,257,538	94,502	704,536	7,056,576	-
Total operating expenses	<u>24,786,373</u>	<u>1,510,608</u>	<u>8,995,165</u>	<u>35,292,146</u>	<u>9,617,119</u>
Operating income (loss)	<u>6,174,989</u>	<u>1,620,056</u>	<u>(964,630)</u>	<u>6,830,415</u>	<u>(1,157,758)</u>
NON-OPERATING INCOME (EXPENSES)					
Loss on disposal of capital assets	(290,679)	-	-	(290,679)	-
Interest income	177,229	1	1,214	178,444	37,539
Interest expense	(2,485,549)	(272,787)	-	(2,758,336)	-
Other debt service costs	(8,100)	-	-	(8,100)	-
Total non-operating income (expenses)	<u>(2,607,099)</u>	<u>(272,786)</u>	<u>1,214</u>	<u>(2,878,671)</u>	<u>37,539</u>
Income (loss) before transfers	<u>3,567,890</u>	<u>1,347,270</u>	<u>(963,416)</u>	<u>3,951,744</u>	<u>(1,120,219)</u>
TRANSFERS					
Transfers in	5,431,891	138,671	6,592,803	12,163,365	681,411
Transfers out	<u>(300,000)</u>	-	<u>(5,431,891)</u>	<u>(5,731,891)</u>	-
Total transfers	<u>5,131,891</u>	<u>138,671</u>	<u>1,160,912</u>	<u>6,431,474</u>	-
Change in net position	8,699,781	1,485,941	197,496	10,383,218	(1,120,219)
Net position, beginning of year	<u>150,052,680</u>	<u>105,810,161</u>	<u>18,846,332</u>	<u>274,709,173</u>	<u>3,221,714</u>
Net position, end of year	<u>\$ 158,752,461</u>	<u>\$ 107,296,102</u>	<u>\$ 19,043,828</u>	<u>\$ 285,092,391</u>	<u>\$ 2,101,495</u>

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

CITY OF GULFPORT, MISSISSIPPI

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Water and Sewer Fund	Gulfport Redevelopment Commission Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 26,654,211	\$ 3,130,664	\$ 8,099,223	\$ 37,884,098	\$ -
Cash received from other operating receipts	-	-	-	-	448,148
Cash received from employees and others	-	-	-	-	1,678,013
Cash received from employer contributions	-	-	-	-	6,349,984
Payments to employees	(1,029,321)	-	(134,362)	(1,163,683)	(9,693,096)
Payments to suppliers	(16,199,056)	(751,212)	-	(16,950,268)	-
Payments for contractual services	-	-	(1,060,798)	(1,060,798)	-
Payments for other goods and services	-	-	(944,371)	(944,371)	-
Net cash provided by (used in) operating activities	<u>9,425,834</u>	<u>2,379,452</u>	<u>5,959,692</u>	<u>17,764,978</u>	<u>(1,216,951)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	<u>5,131,891</u>	<u>138,671</u>	<u>1,160,912</u>	<u>6,431,474</u>	<u>681,411</u>
Net cash provided by noncapital financing activities	<u>5,131,891</u>	<u>138,671</u>	<u>1,160,912</u>	<u>6,431,474</u>	<u>681,411</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(475,738)	(75,367)	-	(551,105)	-
Proceeds from sale of capital assets	33,415	-	-	33,415	-
Proceeds from issuance of debt	-	141,834	-	141,834	-
Principal payments on obligation bonds	(4,339,199)	-	-	(4,339,199)	-
Principal payments on notes payable	-	(1,950,000)	-	(1,950,000)	-
Payments of bond issuance cost	(8,100)	-	-	(8,100)	-
Interest paid on debt	(2,180,734)	(138,672)	-	(2,319,406)	-
Net cash used in capital related financing activities	<u>(6,970,356)</u>	<u>(2,022,205)</u>	<u>-</u>	<u>(8,992,561)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of investments	5,833,761	-	-	5,833,761	-
Interest received	177,229	-	1,214	178,443	37,539
Net cash provided by investing activities	<u>6,010,990</u>	<u>-</u>	<u>1,214</u>	<u>6,012,204</u>	<u>37,539</u>
Increase (decrease) in cash and cash equivalents	<u>13,598,359</u>	<u>495,918</u>	<u>7,121,818</u>	<u>21,216,095</u>	<u>(498,001)</u>
Cash and cash equivalents:					
Beginning of year	<u>18,057,730</u>	<u>422,122</u>	<u>58,573</u>	<u>18,538,425</u>	<u>3,870,425</u>
End of year	<u>\$ 31,656,089</u>	<u>\$ 918,040</u>	<u>\$ 7,180,391</u>	<u>\$ 39,754,520</u>	<u>\$ 3,372,424</u>
Classified as:					
Cash and cash equivalents	\$ 24,838,319	\$ 918,040	\$ 7,180,391	\$ 32,936,750	\$ 3,372,424
Restricted assets, cash	6,817,770	-	-	6,817,770	-
	<u>\$ 31,656,089</u>	<u>\$ 918,040</u>	<u>\$ 7,180,391</u>	<u>\$ 39,754,520</u>	<u>\$ 3,372,424</u>

(Continued)

CITY OF GULFPORT, MISSISSIPPI

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Water and Sewer Fund	Gulfport Redevelopment Commission Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Fund
Reconciliation of operating income					
(loss) to net cash provided by (used in)					
operating activities:					
Operating income (loss)	\$ 6,174,989	\$ 1,620,056	\$ (964,630)	\$ 6,830,415	\$ (1,157,758)
Adjustments to reconcile operating income					
(loss) to net cash provided by					
(used in) operating activities:					
Depreciation	6,257,538	94,502	704,536	7,056,576	-
Changes in assets and liabilities:					
Decrease in accounts receivable	633,247	593,292	68,688	1,295,227	-
Decrease in inventories	-	-	26,557	26,557	-
Increase in due from other funds	(4,940,398)	-	-	(4,940,398)	-
(Increase) decrease in prepaid expenses	-	10,000	-	10,000	(25,773)
Increase in deferred outflows - pension	(63,386)	-	(31,693)	(95,079)	-
Increase in accounts payable	1,051,209	61,602	1,090,678	2,203,489	4,684
Increase (decrease) in sales tax payable	(448)	-	90	(358)	-
Decrease in accrued liabilities	-	-	-	-	(38,104)
Decrease in retainage payable	(83,003)	-	-	(83,003)	-
Increase in due to other funds	-	-	4,940,397	4,940,397	-
Decrease in deferred inflows - pension	(356,398)	-	(178,199)	(534,597)	-
Increase in net pension liability	603,446	-	301,723	905,169	-
Increase in customer deposits	129,642	-	-	129,642	-
Increase in compensated absences	19,396	-	1,545	20,941	-
Net cash provided by (used in)					
operating activities	<u>\$ 9,425,834</u>	<u>\$ 2,379,452</u>	<u>\$ 5,959,692</u>	<u>\$ 17,764,978</u>	<u>\$ (1,216,951)</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government.

Combining schedules presented in the Supplementary Section.

CITY OF GULFPORT, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 241,167
Assets held for disposal	<u>54,350</u>
Total assets	<u>295,517</u>
LIABILITIES	
Due to others	<u>114,064</u>
Total liabilities	<u>114,064</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u>\$ 181,453</u>

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

CITY OF GULFPORT, MISSISSIPPI

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Miscellaneous income	\$ 26,878
Interest income	<u>2,249</u>
Total additions	<u>29,127</u>
DEDUCTIONS	
Other custodial disbursements	<u>16,210</u>
Total deductions	<u>16,210</u>
Change in fiduciary net position	12,917
Net position, beginning of year, as restated	<u>168,536</u>
Net position, end of year	<u>\$ 181,453</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GULFPORT, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gulfport, Mississippi, (the “City”) was incorporated on July 28, 1898, under the laws of the State of Mississippi. The City operates under a Mayor-Council form of government. The following services are provided by the City: Public Safety (Police, Fire and Protection/Inspection), Street Maintenance, Garbage Collection, Water and Sewer, Social and Recreational, Public Improvements, Planning and Zoning, and General Administrative Services.

A. Reporting Entity

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainders of the notes are organized to provide explanations, including required disclosures, of the City's financial activities.

B. Financial Reporting Entity

The City is a charter city in which citizens elect the mayor at large and seven council members by wards. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Component Unit Disclosure

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

The Gulfport Redevelopment Commission is an Urban Renewal Agency of the City of Gulfport, formed and existing under the “Urban Renewal Laws” of the State of Mississippi, Title 43, Chapter 35, Article I, Mississippi Code of 1972, and its five-member board of commissioners is appointed by the mayor and confirmed by the council of the City of Gulfport. Its sole purpose is to promote and facilitate the urban renewal and development of certain parcels of real property, improvements or other assets or projects as they may be designated from time to time by the City. The Gulfport Redevelopment Commission provides services solely to the City and is reported as an enterprise fund using the blended method.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Continued)

Related Organizations

The Gulfport Municipal Separate School District (the "School District") has been excluded from the reporting entity, because it is an "other stand-alone government". The School District is a related organization, but not a component unit of the City. The governing authorities of the City do select a majority of the School District's board, but do not have ongoing financial accountability for the School District.

Joint Ventures and Jointly Governed Organizations

Management of the City has identified two joint ventures with the City (Harrison County Utility Authority and Memorial Hospital at Gulfport) and two jointly governed organizations with the City (Harrison County Library System and Gulfport-Biloxi Regional Airport Authority).

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 an ongoing financial interest or 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.

See Note 17 for more information regarding related organizations not included in the City's reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

Government-wide Financial Statements

The City presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities; however, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type 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 support.

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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds.

All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Mississippi Infrastructure Modernization Act (“MIMA”) Fund

In 2021, the City issued debt to complete capital projects authorized under the Mississippi Infrastructure Modernization Act of 2018. This fund is used to account for the bond proceeds receipts and respective capital expenditures associated with the capital projects appropriated with this bond funding.

American Rescue Plan Act (“ARPA”) Fund

This fund is a special revenue fund that accounts for the financial resources provided and subsequently expended from the ARPA grant received from the federal government.

Debt Service Fund

This fund is used to account for the payment of principal and interest on the City’s outstanding debt.

Proprietary Funds – Business-type Activities

Proprietary Funds are accounted for using the economic resources measurement focus; and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Proprietary Funds – Business-type Activities (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City has presented the following major proprietary funds:

Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Gulfport Redevelopment Commission Fund

The Gulfport Redevelopment Commission Fund is used to finance, develop and manage City owned property. Its assets were received from the City and consist of the south parcel of the VA property given to the City by the Department of Veteran Affairs in 2009.

Proprietary Funds – Governmental-type Activities

The City reports Internal Service Funds, which are used to account for the self-funded property and casualty self-insurance, workman's compensation, and self-funded health and disability insurance provided to departments of the City.

Fiduciary Funds

The City reports Fiduciary Funds, which are custodial funds that account for resources held by the City in a custodial capacity for other governments, private organizations, or individuals. In addition, these funds report for the assets seized by a multi-jurisdictional narcotics task force which are held for final disposition before distribution to participating agencies.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the fiduciary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected but unsettled at year-end. A two-month availability period is used for recognition of most other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are franchise taxes, sales taxes and gaming revenues collected and held by the State at year-end on behalf of the City. Licenses and permits, certain charges for services, fines and forfeits and miscellaneous other revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received.

The financial transactions of the City are recorded in the individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Governmental Accounting Standards Board ("GASB") Statement No. 34 sets forth the minimum criteria for the determination of major funds. The nonmajor funds are combined in one column in the fund financial statements and detailing in the combining section.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

The City's cash and cash equivalents are primarily considered to be cash on hand, amounts in demand deposits and certain money market mutual funds. For purposes of the Statement of Cash Flows, short-term investments held in proprietary funds with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

The City maintains and controls a major cash pool in which the majority of the City's funds share. Each fund's portion of the pool is on their respective balance sheet as cash and cash equivalents, some of which are restricted assets.

Cash with fiscal agents, along with various investments, are components of an investment account maintained by a fiscal agent. Cash with fiscal agents is that minor portion of the account which is not invested or any particular moment in time. This amount represents the residual cash that the fiscal agent does not have tied up in investment at September 30.

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 recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest-bearing securities is recognized as earned.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value.

F. Receivables

All trade receivables are shown net of an allowance for uncollectible accounts. An allowance in the amount of \$8,692,223 at September 30, 2022, has been reported in the Water and Sewer fund for estimated uncollectible utility charges. The allowance is based on trade receivables in excess of 90 days outstanding.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Interfund Receivables and Payables

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

H. Transactions between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both governmental and proprietary funds.

I. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year; and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

J. Restricted Assets

Each customer deposits funds with the City when a water and sewer account is opened. These funds are restricted and are held by the City until the customer account is closed, at which time the amounts are refundable to the customer. Also, certain debt issues require contingency deposits be maintained separately for future debt payments.

K. Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital asset received in service concession arrangements are reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been provided over the estimated useful lives using the straight-line method. The following estimated useful lives for proprietary fund assets are used to compute depreciation:

Buildings	40 years
Water and sewer system	50 years
Infrastructure	60 years
Improvements other than buildings	10 – 25 years
Machinery and equipment	5 – 10 years
Vehicles	5 years

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial element represents consumption of net asset that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of September 30, 2022, the City had deferred outflows of resources associated with bond refunding's in the amount of \$117,375 and deferred amounts on pensions in the amount of \$10,438,744, which are reflected in the Statement of Net Position and the Governmental Funds Balance Sheet.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2022, the City had deferred inflows of resources for property taxes in the amount of \$28,130,840 and deferred amounts associated with bond refunding in the amount of \$23,275 which are reflected in the Statement of Net Position. On the Governmental Funds Balance Sheet, the City had deferred inflows of resources for intergovernmental revenue of \$6,702,169, lease receipts of \$251,540, permit revenue of \$127,551, property taxes of \$28,130,840, and court fines of \$7,752,245.

M. Leases

Lessor

The City is a lessor for noncancellable leases of land and buildings. The City recognizes a lease receivable and deferred inflow of lease receipts in both the fund level and government-wide financial statements. The City recognizes lease receivables with an initial, individual value of \$5,000 or more.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Leases (Continued)

Lessor (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines: 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments:

- The City uses the interest rate stated in the agreement as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the lessee is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow if certain changes occur that are expected to significantly affect the amount of the lease receivable.

N. Net Position

Net position represents the difference between deferred inflows and outflows, assets, and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

Net position is reported as restricted when there are limitations imposed either through enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences

City policy allows employees hired prior to January 8, 2013, to accumulate all unused vacation, compensatory (comp time) and sick leave. Those hired after January 8, 2013, may not carry annual leave over from year to year without approval. Retiring and terminating employees covered under the Disability and Relief-Municipal Retirement System are paid for all unused vacation, sick leave, and unused comp time. All other employees are paid for up to 30 days of unused vacation and all unused comp time upon retirement or termination, while excess vacation and all accumulated sick leave remaining are counted as creditable service toward retirement.

Generally, vacation, sick leave and compensatory absences vest and are recorded as the obligation is incurred. In the proprietary funds and the government-wide statements, the current portion is the amount estimated to be used in the following year.

The compensated absences liability was computed using the specific identification method whereby the applicable number of vacation and sick hours and all compensatory hours are multiplied by the employee's hourly rate at September 30, 2022. The resulting liability is then increased to include social security and retirement contributions that the City is required to pay upon liquidation of the liability.

P. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Q. Fund Balance Designations

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balance as follows:

Non-spendable – amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints. The City has no non-spendable fund balances as of September 30, 2022.

Restricted – amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions or enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance Designations (Continued)

Committed – amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City has a committed fund balance of \$2,933,479 as of September 30, 2022.

Assigned – amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the City Council or by an official or body to which the City Council delegates authority. The City has no assigned fund balances as of September 30, 2022.

Unassigned – amounts which include positive fund balances of the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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).

R. Fund Balance Designations

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The procedures used by the City in establishing the budgetary data recorded in the general-purpose financial statements are as follows:

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the Finance Division by June 1 each year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Data (Continued)

3. The Finance Division reviews expenditure budgets and necessary revisions are made.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1.
6. Public hearings are conducted to obtain taxpayer comments.
7. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
8. The budget is formally amended in July each year, if necessary. However, budget revisions are made throughout the year (prior to July), as reallocations of funds are necessary, a budget deficit is indicated, or circumstances change which dictate the need for a budget amendment.
9. Formal budgetary integration is employed as a management control device for all governmental and proprietary fund types.
10. The legal level of control for all budgets adopted is at the fund level with the exception of the General Fund, which is appropriated at the fund level. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.
11. The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. However, department heads may make transfers of appropriations within a department. Budgetary controls are incorporated into the City's purchasing system. Purchase requisitions entered into the computer system that will cause a line item to exceed its budget will automatically be disallowed. The department head will then be required to make an inter-department budget transfer or request a budget amendment.
12. The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. However, department heads may make transfers of appropriations within a department. Budgetary controls are incorporated into the City's purchasing system. Purchase requisitions entered into the computer system that will cause a line item to exceed its budget will automatically be disallowed. The department head will then be required to make an inter-department budget transfer or request a budget amendment.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Data (Continued)

13. Encumbrance accounting, under which executed but unperformed purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and are re-appropriated in the next year's budget.
14. Unexpended appropriations lapse at year-end in all funds.

Excess Expenditures over Appropriations

For the year ended September 30, 2022, expenditures exceeded budget in the applicable government funds, as follows:

<u>Department</u>	<u>Excess</u>
General Fund	
Public safety:	
Capital outlay	81,473
Culture and recreation:	
Capital outlay	124,794

These over expenditures were funded by additional unanticipated revenues.

NOTE 3. PROPERTY TAX, GAMING, SALES TAX AND LEASE REVENUES

Property Tax

Harrison County bills and collects the real, personal, and auto ad valorem taxes for the City. Taxes on real and personal property are levied by the City Council at the first regular meeting in September for the ensuing fiscal year, which begins on October 1. Restrictions associated with property tax levies vary with the statutory authority. State law limits the amount of increase in certain property taxes. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount that resulted from the assessments of the previous year plus new construction.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAX, GAMING, SALES TAX AND LEASE REVENUES (CONTINUED)

Property Tax (Continued)

Real property taxes become a lien on January 1 and personal property taxes become a lien on March 1 of the current calendar year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All taxes are remitted monthly to the City. In addition, Harrison County also remits to the City a pro-rata share of road and bridge taxes collected by the County. 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. Real property taxes are recognized as revenue when received because most delinquent real property taxes are collected by selling real 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 real property not sold for taxes at the tax sale is considered immaterial; therefore, no end of year delinquent taxes receivable is recorded. The amount of delinquent personal property taxes unpaid at year-end is also considered immaterial.

The rates are expressed in terms of mills (i.e., ten mills equal one cent). The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt and other purposes for the year ended September 30, 2022, was 34.00 mills or \$34.00 per \$1,000 of assessed valuation.

State law requires the municipality to exercise its taxing authority for the benefit of other governing authorities, which are not a part of the reporting entity. As provided, the municipality must levy specified ad valorem taxes as directed by the other governing authority and turn all proceeds over to it. Accordingly, taxes for the Gulfport School District are also billed and collected by the County and remitted to the City for disbursement to the School District.

Ad valorem taxes collected and settled in accordance with this legal requirement are not recognized as revenues and expenditures of the municipality. The tax levies noted below with respect to the school funds were made in accordance with this legal requirement.

Gaming Tax Revenues

In the early part of 1992, the citizens of Harrison County voted to allow dockside casino gaming as defined by the Mississippi Gaming Control Act of 1990. In May of 1993, the first casino opened in Gulfport. As of September 30, 2022, one casino was operating within the City. Gaming activities are taxed in a variety of ways.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAX, GAMING, SALES TAX AND LEASE REVENUES (CONTINUED)

Gaming Tax Revenues (Continued)

The State of Mississippi levies a sliding scale tax on gross gaming revenue, of which Harrison County and the City receive .4% to .8%. This tax is divided: 63% to the County and 37% to the City. The allocation is based upon the population demographics of the last official census. In addition to the State tax, the City, 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 City (20% of which is designated for public safety); 20% to the Gulfport 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	\$ 2,995,358
Local share of state tax	1,996,905
Gaming licenses and permits	<u>260,250</u>
Total gaming revenues	<u>\$ 5,252,513</u>

Sales Tax Revenues

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Gulfport) back to the City monthly. Sales tax revenue reported in the General Fund as of September 30, 2022, was \$28,840,889.

Lease Revenue

The City leases property and certain facilities to various tenants within its development sites. The City recognized \$449,988 as lease revenue for the year ended September 30, 2022.

NOTE 4. CASH AND OTHER DEPOSITS AND INVESTMENTS

Cash and Other Deposits

The City maintains a cash and investment pool for use by all funds except the Proprietary Funds – Internal Service Funds and Fiduciary Funds which either maintain a separate account or have investments held separately by a trustee.

At September 30, 2022, the carrying amount of the City's deposits was \$168,432,911 and the bank balance was \$170,269,849. The difference represents outstanding checks and other reconciling items.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CASH AND OTHER DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and Other Deposits (Continued)

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk.

The Mississippi State Treasurer manages that risk on behalf of the City. Deposits above the Federal Deposit Insurance Corporation (“FDIC”) coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. The collateral for public entities’ deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace public deposits not covered by the FDIC. As of September 30, 2022, none of the City’s bank balance of \$170,269,849 was exposed to custodial credit risk.

A summary of cash and cash equivalents at September 30, 2022 is as follows:

	Invested in Sweep Account		Non-pooled		Total
	Unrestricted	Restricted	Unrestricted	Restricted	
Governmental funds:					
Major funds:					
General	\$ 6,765,958	\$ -	\$ 2,951	\$ -	\$ 6,768,909
Capital Projects	44,282,474	-	-	-	44,282,474
Debt Service	3,631,228	-	-	17,312,885	20,944,113
ARPA	-	19,700,493	-	-	19,700,493
Non-major funds	15,580,566	-	95,646	866,174	16,542,386
Total governmental funds	<u>70,260,226</u>	<u>19,700,493</u>	<u>98,597</u>	<u>18,179,059</u>	<u>108,238,375</u>
Proprietary funds:					
Business-type activities:					
Major funds:					
Water and Sewer	-	2,752,833	24,838,319	20,891,362	48,482,514
Gulfport Redevelopment Commission	-	-	918,040	-	918,040
Non-major fund	5,814,822	-	1,354,969	10,600	7,180,391
Total business-type funds	<u>5,814,822</u>	<u>2,752,833</u>	<u>27,111,328</u>	<u>20,901,962</u>	<u>56,580,945</u>
Governmental-type activities:					
Internal service funds:					
Group Health and Life	187,202	-	118,487	-	305,689
Claims Contingency	-	-	-	3,066,735	3,066,735
Total internal service funds	<u>187,202</u>	<u>-</u>	<u>118,487</u>	<u>3,066,735</u>	<u>3,372,424</u>
Total proprietary funds	<u>6,002,024</u>	<u>2,752,833</u>	<u>27,229,815</u>	<u>23,968,697</u>	<u>59,953,369</u>
Fiduciary funds	-	-	-	241,167	241,167
Total cash and cash equivalents	<u>\$ 76,262,250</u>	<u>\$ 22,453,326</u>	<u>\$ 27,328,412</u>	<u>\$ 42,388,923</u>	<u>\$ 168,432,911</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. CASH AND OTHER DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using Level 3 inputs). The inputs or methodology used for valuing securities are not an indication of risk.

A summary of the City's investments and the inputs used in valuing the City's investments at September 30, 2022 are as follows:

	Fair Value 9/30/2022	Fair Value Measurement (Level 1)	Fair Value Measurement (Level 2)
Governmental activities:			
Treasury Bonds	\$ 17,312,885	\$ 17,312,885	\$ -
Business-type activities:			
Treasury Bonds	\$ 16,826,425	\$ 16,826,425	\$ -

Custodial Credit Risk – Investments. The custodial credit for investments is the risk that, in the event of the failures of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by the City be conducted on a delivery-versus-payment basis.

Securities are to be held by a third-party custodian. The investment in the Hancock Horizon Government Money Market Mutual fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government, however, are made up exclusively of short-term U.S. Government Securities.

Credit Risk – Investments. Generally, credit risk is the risk that issuers of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations ("NRSRO"). A disclosure of investments by amount and issuer for any issuer that represents 5% or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

The Statement of Net Position includes the following receivables at September 30, 2022:

Taxes receivables:	
Property taxes	\$ 28,303,665
Sales taxes	4,496,638
Franchise taxes	1,062,952
Gaming taxes	398,554
Other	144,538
Total taxes receivables	34,406,347
Customer accounts receivable:	
Customer charges for services (billed)	15,453,744
Customer accounts, earned but unbilled	1,619,942
Less: allowance for doubtful accounts	(8,692,223)
Total customer accounts receivable, net	8,381,463
Total receivables, net	\$ 42,787,810

The Statement of Net Position includes the following court fines receivable at September 30, 2022:

Court fines receivable	\$ 24,122,868
Less: allowance for doubtful accounts	(16,370,623)
Total court fines receivable, net	\$ 7,752,245

The governmental funds reported deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Funds also report unavailable revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred inflows of resources were reported in the governmental funds in the amount of \$28,130,840 for property tax assessments not yet due, \$251,540 for lease receipts, \$7,752,245 for court fines receivable, \$127,551 for permits receivable, and \$7,752,245 for intergovernmental receivable. At the end of the current fiscal year, unearned revenue in the amount of \$19,697,628 was reported in the governmental funds.

Amounts reported as due from other governments on the Statement of Net Position are as follows:

Due from other governments:	
Federal	\$ 9,105,652
State	28,150
Total due from other governments	\$ 9,133,802

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND TRANSACTIONS AND BALANCES

Government-wide Financial Statements

Internal Balances

At September 30, 2022, the City had the following internal balances:

Receivable	Payable	Amount
Governmental activities	Business-type activities	\$ 10,145,749

These amounts are shown as a netted amount of short-term loans between governmental and business-type activities. These loans are temporary in nature, bear no interest, and are considered “available spendable resources.”

Fund Financial Statements

The following is a summary of interfund balances at September 30, 2022:

Due From/To Other Funds

Due From	General Fund	Due To			Total
		Water and Sewer Fund	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 120,456	\$ 405,436	\$ 525,892
Capital Projects MIMA Fund	-	9,011	-	1,278,678	1,287,689
Debt Service Fund	1,729,640	636	-	-	1,730,276
Water and Sewer Fund	8,281,231	-	-	-	8,281,231
Nonmajor Governmental	8,575,144	-	-	2,320,129	10,895,273
Nonmajor Enterprise Funds	1,824,165	5,808,252	-	50,000	7,682,417
Internal Service Funds	1,147,756	-	-	-	1,147,756
Total	\$ 21,557,936	\$ 5,817,899	\$ 120,456	\$ 4,054,243	\$ 31,550,534

Various Funds have made short-term advances to other funds. These advances, shown as “Due from Other Funds”, are temporary in nature, bear no interest, and are considered “available spendable resources”.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND TRANSACTIONS AND BALANCES (CONTINUED)

Transfers In/Out

In addition to the above inter-fund loans, the following transfers were made between funds during the year ended September 30, 2022:

Transfers In	Transfer Out					Amount
	General Fund	Debt Service Fund	Water and Sewer Fund	Nonmajor Governmental	Nonmajor Enterprise	
Gulfport Redevelopment Commission Fund	-	138,671	-	-	-	\$ 138,671
Water and Sewer Fund	-	-	-	-	5,431,891	5,431,891
Nonmajor Governmental	2,870,881	-	300,000	3,498,496	-	6,669,377
Nonmajor Enterprise	6,592,803	-	-	-	-	6,592,803
ARPA Fund	153,281	-	-	-	-	153,281
Internal Service Fund	681,411	-	-	-	-	681,411
Total	<u>\$ 10,298,376</u>	<u>\$ 138,671</u>	<u>\$ 300,000</u>	<u>\$ 3,498,496</u>	<u>\$ 5,431,891</u>	<u>\$ 19,667,434</u>

The City transfers funds from the Capital Projects Fund to pay for grant matching requirements and other costs incurred that are originally paid for from other funds. The City also transferred amounts to the Gulfport Redevelopment Commission for construction costs and line of credit principal and interest payments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

Capital Asset Activity

Capital asset activity for the year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 26,987,214	\$ -	\$ -	\$ -	\$ 26,987,214
Construction in progress	4,104,570	12,270,178	-	(742,707)	15,632,041
Total capital assets, not being depreciated	<u>31,091,784</u>	<u>12,270,178</u>	<u>-</u>	<u>(742,707)</u>	<u>42,619,255</u>
Capital assets, being depreciated:					
Buildings	82,766,795	-	-	-	82,766,795
Improvements other than buildings	51,664,800	-	-	-	51,664,800
Infrastructure	310,288,818	-	-	742,707	311,031,525
Machinery and equipment	11,991,707	174,164	(47,825)	-	12,118,046
Vehicles	16,777,939	1,354,985	(1,822,863)	-	16,310,061
Equipment under financed purchases	4,407,329	-	-	-	4,407,329
Total capital assets, being depreciated	<u>477,897,388</u>	<u>1,529,149</u>	<u>(1,870,688)</u>	<u>742,707</u>	<u>478,298,556</u>
Less accumulated depreciation for:					
Buildings	(23,258,726)	(1,517,219)	-	-	(24,775,945)
Improvements other than buildings	(19,534,929)	(1,929,657)	-	-	(21,464,586)
Infrastructure	(118,734,620)	(4,649,362)	-	-	(123,383,982)
Machinery and equipment	(9,431,232)	(406,246)	29,826	-	(9,807,652)
Vehicles	(12,721,052)	(436,555)	1,603,368	-	(11,554,239)
Equipment under financed purchases	(1,318,875)	(276,939)	-	-	(1,595,814)
Total accumulated depreciation	<u>(184,999,434)</u>	<u>(9,215,978)</u>	<u>1,633,194</u>	<u>-</u>	<u>(192,582,218)</u>
Total capital assets, being depreciated, net	<u>292,897,954</u>	<u>(7,686,829)</u>	<u>(237,494)</u>	<u>742,707</u>	<u>285,716,338</u>
Governmental activities capital assets, net	<u>\$ 323,989,738</u>	<u>\$ 4,583,349</u>	<u>\$ (237,494)</u>	<u>\$ -</u>	<u>\$ 328,335,593</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (CONTINUED)

Capital Asset Activity (Continued)

The depreciation expense was charged as a direct expense to programs of the primary government as follows:

Governmental activities:		
General government	\$	149,409
Public safety		1,242,514
Public works		4,858,681
Culture and recreation		2,301,539
Economic development		4,150
Health & welfare		659,685
		659,685
Total depreciation expense - governmental activities	\$	9,215,978

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 31,215,447	\$ -	\$ -	\$ -	\$ 31,215,447
Construction in progress	82,337,432	170,049	-	(80,903,633)	1,603,848
Total capital assets, not being depreciated	113,552,879	170,049	-	(80,903,633)	32,819,295
Capital assets, being depreciated:					
Buildings	9,899,360	-	(25,176)	77,344,142	87,218,326
Improvements and infrastructure	301,924,800	-	-	3,559,491	305,484,291
Machinery and equipment	4,911,506	-	-	-	4,911,506
Vehicles	3,421,192	-	(2,595,724)	-	825,468
Equipment under financed purchases	467,138	381,056	(848,194)	-	-
Total capital assets, being depreciated	320,623,996	381,056	(3,469,094)	80,903,633	398,439,591
Less accumulated depreciation for:					
Buildings	(2,814,263)	(176,365)	26,272	-	(2,964,356)
Improvements and infrastructure	(102,022,973)	(6,277,135)	-	-	(108,300,108)
Machinery and equipment	(2,822,007)	(253,333)	-	-	(3,075,340)
Vehicles	(2,829,950)	(293,877)	2,595,724	-	(528,103)
Equipment under financed purchases	(467,138)	(55,866)	523,004	-	-
Total accumulated depreciation	(110,956,331)	(7,056,576)	3,145,000	-	(114,867,907)
Total capital assets, being depreciated, net	209,667,665	(6,675,520)	(324,094)	80,903,633	283,571,684
Business-type activities capital assets, net	\$ 323,220,544	\$ (6,505,471)	\$ (324,094)	\$ -	\$ 316,390,979

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (CONTINUED)

Capital Asset Activity (Continued)

The depreciation expense was charged as a direct expense to programs of the primary government as follows:

Business-type activities:	
Water and sewer	\$ 6,257,538
Joseph T. Jones Memorial Park	704,536
Gulfport Redevelopment Commission	<u>94,502</u>
Total depreciation expense - business-type activities	<u>\$ 7,056,576</u>

Net Investment in Capital Assets/Net Position

	Governmental Activities	Business-type Activities
Land	\$ 26,987,214	\$ 31,215,447
Construction in progress	15,632,041	1,603,848
Other capital assets, net of accumulated depreciation	285,716,338	283,571,684
Add: deferred outflow of resources on refunding	-	117,375
Add: unspent bond proceeds	17,312,885	16,826,425
Less: outstanding principal	(129,949,658)	(77,037,016)
Less: unamortized Premiums	(10,462,225)	(308,882)
Less: deferred inflow of resources on refunding	-	<u>(23,275)</u>
	<u>\$ 205,236,595</u>	<u>\$ 255,965,606</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Financed Purchases

In prior fiscal years, the City has obtained financing for the purchase of computer equipment, lighting equipment, other machinery and equipment, and fire trucks with accessories. In June 2019, the City obtained financing of \$639,209 for the purchase of a sweeper truck. This financed purchase has an interest rate of 2.85% maturing June 2024. Principal and interest payments of \$11,453 are due in monthly installments commencing on July 2019 through June 2024. In November 2018, the City obtained financing of \$750,000 for the purchase of a fire truck. This financed purchase has an interest rate of 3.93% maturing November 2028. Principal and interest payments of \$92,146 are due in annual installments commencing on November 2018 through November 2028. Title to the assets is held in the name of the City and the banks as lien holder. The City insures the assets and accounts for the leasing arrangements. During 2020, the City entered into a general obligation restructuring bonds settlement which effectively restructured all of the financed purchases except for the fire truck financed purchase into one debt service schedule (2020A). The following is a schedule of the City's financed purchases as of September 30, 2022, not included in the debt restructuring:

As of September 30, 2022, financed purchase annual amortizations are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 70,354	\$ 21,792	\$ 92,146
2024	73,119	19,027	92,146
2025	75,993	16,153	92,146
2026	78,979	13,167	92,146
2027	82,083	10,063	92,146
2028 – 2030	<u>173,972</u>	<u>95,499</u>	<u>269,471</u>
Present value of remaining payments	<u>\$ 554,500</u>	<u>\$ 175,701</u>	<u>\$ 730,201</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Financed Purchases (Continued)

The following schedule reflects the debt transactions for governmental activities for the year ended September 30, 2022:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
General obligation bonds	\$ 50,538,764	\$ -	\$ (2,140,800)	\$ 48,397,964	\$ 5,016,090
Limited obligation bonds	345,000	-	(20,000)	325,000	20,000
Special obligation bonds	79,620,000	-	(2,920,000)	76,700,000	2,980,000
Notes payable	7,204,267	-	(3,232,073)	3,972,194	-
Financed purchases	622,194	-	(67,694)	554,500	70,354
Compensated absences	2,660,982	1,273,805	(1,322,017)	2,612,770	1,828,938
Claims and judgements	28,000	-	-	28,000	-
	<u>141,019,207</u>	<u>1,273,805</u>	<u>(9,702,584)</u>	<u>132,590,428</u>	<u>9,915,382</u>
Plus bond premium	11,511,754	-	(1,049,529)	10,462,225	989,347
Total governmental activities	<u>\$ 152,530,961</u>	<u>\$ 1,273,805</u>	<u>\$ (10,752,113)</u>	<u>\$ 143,052,653</u>	<u>\$ 10,904,729</u>

The following schedule reflects the debt transactions for business-type activities for the year ended September 30, 2022:

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
General obligation bonds	\$ 61,147,236	\$ -	\$ (954,200)	\$ 60,193,036	\$ 4,647,910
Special obligation bonds	10,700,000	-	(3,384,999)	7,315,001	3,565,000
Notes payable	11,337,145	141,834	(1,950,000)	9,528,979	-
Compensated absences	81,844	91,800	(70,859)	102,785	71,949
	<u>83,266,225</u>	<u>233,634</u>	<u>(6,360,058)</u>	<u>77,139,801</u>	<u>8,284,859</u>
Plus bond premium	399,721	-	(90,839)	308,882	84,185
Total business-type activities	<u>\$ 83,665,946</u>	<u>\$ 233,634</u>	<u>\$ (6,450,897)</u>	<u>\$ 77,448,683</u>	<u>\$ 8,369,044</u>

General Obligation (“GO”) Bonds

The City issues general obligation (“GO”) bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

In December 2014, the City issued \$30,000,000 of general obligation bonds with interest rates varying between 1.5-3.4% to fund various capital projects throughout the City. \$16,000,000 of this general obligation bond was used for governmental related projects and \$14,000,000 was used to fund water and sewer related projects.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

General obligation bonds generally are issued as serial bonds with certain amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding Amount	Due in One Year
Governmental Activities:					
GO Refunding - Public Improvement	\$ 15,025,000	9/10/2014	2.00-5.00%	\$ 4,872,800	\$ 1,416,400
GO Public Improvement	16,000,000	12/18/2014	1.50-3.40%	10,829,000	906,000
GO Restructure Bond Series 2020 A	9,628,000	6/30/2020	1.00-2.31%	9,639,000	1,901,000
GO Restructure Bond Series 2020 B	11,252,164	6/30/2020	1.50-2.95%	11,252,164	792,690
GO Restructure Bond Series 2021	11,805,000	8/26/2021	1.83-3.23%	11,805,000	-
Total governmental activities	<u>\$ 63,710,164</u>			<u>\$ 48,397,964</u>	<u>\$ 5,016,090</u>
Business-type Activities:					
GO Refunding	\$ 2,850,000	9/10/2014	2.00-5.00%	\$ 922,200	\$ 268,600
GO Revenue	14,000,000	12/18/2014	1.50-3.40%	9,471,000	794,000
GO Refunding	18,465,000	6/30/2015	2.00-5.00%	2,345,000	-
GO Restructure Bond Series 2020 A	13,422,000	6/30/2020	1.00-2.31%	13,422,000	130,000
GO Restructure Bond Series 2020 B	22,397,836	6/30/2020	1.50-2.95%	22,397,836	3,455,310
GO Restructure Bond Series 2021	11,635,000	8/26/2021	1.83-3.23%	11,635,000	-
Total business-type activities	<u>\$ 82,769,836</u>			<u>\$ 60,193,036</u>	<u>\$ 4,647,910</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 5,016,090	\$ 1,245,873	\$ 4,647,910	\$ 1,341,507	\$ 12,251,380
2024	4,550,448	1,129,745	6,226,552	1,254,181	13,160,926
2025	4,347,406	1,024,031	7,045,594	1,148,299	13,565,330
2026	2,951,004	930,507	7,115,996	1,010,406	12,007,913
2027	2,971,951	2,818,900	7,223,049	863,002	13,876,902
2028 – 2032	11,288,997	3,364,567	16,232,003	2,701,300	33,586,867
2033 – 2037	8,526,200	1,990,552	5,248,800	1,561,052	17,326,604
2038 – 2042	5,065,868	1,031,178	3,448,132	801,122	10,346,300
2043 – 2046	3,680,000	302,005	3,005,000	246,449	7,233,454
	<u>\$ 48,397,964</u>	<u>\$ 13,837,358</u>	<u>\$ 60,193,036</u>	<u>\$ 10,927,318</u>	<u>\$ 133,355,676</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

General Obligation (“GO”) Bonds (Continued)

In 2020, the City issued General Obligation Restructuring Bonds, Series 2020A and 2020B in the amount of \$23,050,000 and \$33,650,000 respectively as of June 30, 2020. The bonds were issued to restructure debt obligations and to pay the related costs of authorization, issuance, sale, validation, and delivery of Series 2020A and 2020B. The interest rate on the Series 2020A is 1.00 – 2.31% and the interest rate on the Series 2020B bond is 1.50 – 2.95%. The Series 2020A bond was split between general debt obligations and business-type debt obligations 58% and 42%, respectively. The Series 2020B bond was split between general debt obligations and business-type debt obligations 67% and 33%, respectively.

In 2021, the City issued General Obligation Restructuring Bonds, Series 2021 in the amount of \$23,440,000, respectively, as of August 26, 2021. The bonds were issued to restructure debt obligations and to pay the related costs of authorization, issuance, sale, validation, and delivery of Series 2021. The interest rate on the Series 2021 is 1.83 – 3.23%. The Series 2021 bond was split between general debt obligations and business-type debt obligations 50% and 50%, respectively.

Prior Year Defeasance of Debt

The City has at various times entered into advance refunding transactions related to certain issues of its bonded debt. A portion of the proceeds of the refunding bond issues were placed in trust and used to purchase securities to meet all debt service requirements of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts were not included in the accompanying financial statements as the City defeased its obligations for payment of the refunded debt upon completion of the refunding transactions.

At September 30, 2022, refunded bond issues and the related principal payable from escrow is as follows:

<u>Bond Issue</u>	<u>Principal Balance</u>
2000 MDB Promissory Note	\$ 2,590,000
2001 MDB Promissory Note	1,085,000
1998 Refunded Bonds	1,760,000
2003 Refunded Bonds	2,795,000
2005 Refunded Water and Sewer Bonds	3,160,000
2007 Refunded Bonds	7,485,000
Total	<u>\$ 18,875,000</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Limited Obligation Bond

The City issued tax increment financing bonds to encourage economic development of certain areas of the City. The original amount of tax increment financing bonds issued in the prior year was \$480,000. This bond has an interest rate of 4.0% with principal maturing September 2034.

The principal and interest on tax increment financing bonds are paid from the increase in sales tax revenue that is generated from the developed area. These bonds are generally issued as 10 or 20 year serial bonds with varying amounts of principal maturing each year. Tax increment financing bonds outstanding as of September 30, 2022 are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Outstanding Amount</u>	<u>Due in One Year</u>
TIF Bond	\$ 480,000	9/23/2014	4.00%	\$ 325,000	\$ 20,000

Annual debt service requirements to maturity for tax increment financing bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 20,000	\$ 13,000	\$ 33,000
2024	25,000	12,200	37,200
2025	25,000	11,200	36,200
2026	25,000	10,200	35,200
2027	25,000	9,200	34,200
2028 – 2032	140,000	30,400	170,400
2033 and 2034	65,000	4,000	69,000
	<u>\$ 325,000</u>	<u>\$ 90,200</u>	<u>\$ 415,200</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Special Obligation Bonds

The City issued special obligation bonds to provide funding for various capital improvement projects. The notes are also direct obligations of the City and pledge the full faith and credit of the City.

<u>Governmental Activities</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Outstanding Amount</u>	<u>Due in One Year</u>
SO Refunding -				
Public Improvement Paving	\$ 35,000,000	10/19/2017	\$ 32,480,000	\$ 1,360,000
MIMA Bonds	45,850,000	8/19/2021	44,220,000	1,620,000
	<u>\$ 80,850,000</u>		<u>\$ 76,700,000</u>	<u>\$ 2,980,000</u>
 <u>Business-type Activities</u>				
SO Refunding	\$ 47,565,000	4/7/2005	\$ 7,315,001	\$ 3,565,000

Annual debt service requirements to maturity for special obligation bonds are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 2,980,000	\$ 3,468,900	\$ 3,565,000	\$ 384,038	\$ 10,397,938
2024	3,130,000	3,318,150	3,750,001	196,875	10,395,026
2025	3,285,000	3,159,900	-	-	6,444,900
2026	3,455,000	2,993,650	-	-	6,448,650
2027	3,625,000	2,818,900	-	-	6,443,900
2028 – 2032	20,940,000	11,288,025	-	-	32,228,025
2033 – 2037	18,500,000	6,519,600	-	-	25,019,600
2038 – 2042	8,180,000	3,245,875	-	-	11,425,875
2043 – 2047	6,455,000	3,009,600	-	-	9,464,600
2048 – 2051	6,150,000	627,000	-	-	6,777,000
	<u>\$ 76,700,000</u>	<u>\$ 40,449,600</u>	<u>\$ 7,315,001</u>	<u>\$ 580,913</u>	<u>\$ 125,045,514</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable

Gulfport Redevelopment Commission – Line of Credit

In December 2016, Gulfport Redevelopment Commission entered into a line of credit arrangement with BancorpSouth Bank, which carries a maximum possible balance of \$14,000,000. This loan has an interest rate of 2.71%. As September 30, 2022, the line of credit balance was \$9,528,979. Collateral used to secure the loan is the assignment of ground financed purchase agreements and is guaranteed by the City.

Hurricane Zeta Debris – Line of Credit

In December 2020, the City entered into a line of credit arrangement with The First, a National Banking Association, which carries a maximum possible balance of \$8,000,000. This loan has an interest rate of 2.17%. As of September 30, 2022, the line of credit balance was \$3,972,194. The line of credit will be used to fund the debris removal program created in the wake of the destruction caused by Hurricane Zeta.

Compensated Absences

The City's policies relative to compensated absences, method of computing accrued liabilities and reporting are discussed at Note 1. The General Fund and the Water & Sewer Fund have been primarily used in prior years to liquidate the liability for compensated absences.

Claims and Judgments

The City has a commitment to pay life insurance benefits of \$1,000 upon the death of each retiree included in the Firemen's and Policemen's Disability and Relief Plan. The City elected to cancel its insurance policy covering such claims and self-insure these benefits. As a result, a total of \$85,000 was recorded for the 85 remaining retirees receiving benefits effective October 1, 1992. As of September 30, 2022, a total of 28 retirees and employees remain covered under the system. Accordingly, a liability in the amount of \$28,000 has been included in the General Long-term Debt at September 30, 2022. None of the liability for these benefits is estimated to be paid within one year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Legal Debt Margin

Legal Debt Margin – The amount of general obligation bonded debt that can be incurred by the City is limited by state statute. Total outstanding general obligation bonded debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the city. As of September 30, 2022, the amount of outstanding general obligation bonded debt was equal to 4.90% of the latest property assessments.

Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed valuation. The City's total assessed valuation is \$880,207,420; therefore, the 15% limitation equals: \$132,031,113; less general obligation bonds outstanding of \$48,397,964, leaving a margin for further debt issuance of \$83,633,149.

No-commitment Debt

In November 2015, the City authorized the Hospital Revenue Refunding Bond, Series 2015A, in the amount of \$8,560,000, with interest rate of 1.5%. This issue refunded the Hospital Revenue and Refunding and Improvement Bonds Series 1994A, in the amount of \$8,500,000, with an interest rate of 5.8% to 6.2%.

In June 2016, the City authorized the Hospital Revenue Refunding Bond, Series 2016, in the amount of \$49,270,000, with interest rate of 5% maturing in 2031. The series 2016 Bonds were issued with a premium of approximately \$9,311,309. This issue refunded the Hospital Revenue Bond, Series 2001, in the amount of \$60,000,000, with an interest rate of 5.5% to 5.8%.

As of September 30, 2022, the aggregate outstanding balance for the Hospital Revenue Refunding Bonds plus unamortized premium was \$41,129,197. These bonds do not constitute a liability of the City, are not a charge against its general credit or taxing powers and, accordingly, are not included in the City's General Long-term Debt. However, as more fully discussed at Note 15, Memorial Hospital at Gulfport is a joint venture of the City and Harrison County.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS

Defined Benefit Pension Plans

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

General Information about the Pension Plans

Public Employees' Retirement System ("PERS")

Plan Description. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq. 1972 (as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

Public Employees' Retirement System of Mississippi
PERS Building, 429 Mississippi Street,
Jackson, MS 39201
or by calling (601) 359-3589 or 1-800-444-PERS.

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Public Employees' Retirement System ("PERS") (Continued)

PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment ("COLA") payment is made to eligible retirees and beneficiaries. The COLA is equal to 2.65% 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% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2022, was 17.90% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

Municipal Retirement Systems

Plan Description. The City contributes to the Municipal Retirement Systems ("MRS") Fire and Police Disability and Relief Funds, an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. At June 30, 2022, the date of the most recent actuarial verification available, the MRS are composed of 17 separate municipal retirement and fire and police disability and relief systems. Benefit provisions are established by Miss. Code Ann. 1972 Section 21-29, Articles 1,3,5,7, and annual local and private legislation and may be amended only by the State of Mississippi Legislature.

Benefits Provided. Membership in the Fire and Police Disability and Relief Funds was granted to all City uniformed police officers and fire fighters who were not already members of PERS and who were hired prior to July 1, 1976. Employees hired after July 1, 1976, automatically become members of PERS. MRS was fully closed to new members July 1, 1976. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions. As of September 30, 2022, the plan has 72 inactive members or their beneficiaries are currently receiving benefits, no inactive members entitled to but not yet receiving benefits and no active members. Participating employees who retire regardless of age with at least 20 years of credited service are entitled to an annual retirement allowance payable monthly for life, in an amount equal to 50% of their average monthly compensation and an additional 1.7% for each year of credited service over 20 years not to exceed 66-2/3% of average monthly compensation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Municipal Retirement Systems (Continued)

Contributions. Plan contributions are based on the value of taxable property adjusted to reflect all property-related contributions, and the millage rates applied to the assessed property. A new funding policy was implemented in February 2011 which extends contributions past 2020. The certified millage rate from the June 30, 2022 valuation is 0.91 mills, therefore, the millage rate effective October 1, 2022, is 0.91 mills.

Net Pension Liability and Pension Expense

At September 30, 2022, the City reported a net pension liability of \$86,663,385 in the governmental activities and \$2,680,311 in the business-type activities for a total of \$89,343,696 for its proportionate share of the PERS net pension liability. A net pension liability in the amount of \$7,860,283 was included within the City's net pension liability for governmental activities for its share of the MRS net pension liability.

The net pension liabilities were measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the PERS net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.43%.

For the year ended September 30, 2022, the City recognized PERS pension expense for governmental activities of \$7,798,086 and \$241,178 for business-type activities. For the year ended September 30, 2022, the City recognized MRS pension expense in its governmental activities of \$522,051.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Schedule of Changes in Net Pension Liability

The change in Net Pension Liability for PERS for the fiscal year ended September 30, 2022 is as follows:

Mississippi Public Employees' Retirement System ("PERS")			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance	\$ 200,156,126	\$ 140,984,716	\$ 59,171,410
Changes for the year:			
Service cost	3,292,723	-	3,292,723
Interest	15,851,036	-	15,851,036
Differences between expected and actual experience	967,545	-	967,545
Contributions – employer	-	5,199,377	(5,199,377)
Contributions – employee	-	2,671,243	(2,671,243)
Net investment income	-	(12,936,156)	12,936,156
Benefit payments, including refunds of employee contributions	(14,131,283)	(14,131,283)	-
Administrative expense	-	(69,127)	69,127
Other changes	16,857,000	11,930,681	4,926,319
Net changes	22,837,021	(7,335,265)	30,172,286
Ending Balance	\$ 222,993,147	\$ 133,649,451	\$ 89,343,696

A schedule of Net Changes in the City's Proportionate Share of Net Pension Liability and Related Ratios, in addition to the information above, includes multi-year trend information (beginning with FY 2017) and is presented in the Required Supplementary Information Section as listed in the table of contents.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Schedule of Changes in Net Pension Liability (Continued)

The change in Net Pension Liability for MRS for the fiscal year ended September 30, 2022 is as follows:

Mississippi Municipal Retirement Systems' Fire and Police Disability and Relief Funds (MRS)			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance	\$ 16,877,387	\$ 8,421,021	\$ 8,456,366
Changes for the year:			
Interest	1,210,009	-	1,210,009
Differences between expected and actual experience	(164,486)	-	(164,486)
Contributions – employer	-	2,506,931	(2,506,931)
Net investment income	-	(815,186)	815,186
Benefit payments, including refunds of employee contributions	(1,701,561)	(1,701,561)	-
Administrative expense	-	(50,139)	50,139
Net changes	<u>(656,038)</u>	<u>(59,955)</u>	<u>(596,083)</u>
Ending Balance	<u>\$ 16,221,349</u>	<u>\$ 8,361,066</u>	<u>\$ 7,860,283</u>

A schedule the City's Proportionate Share of the Net Changes in Net Pension Liability and Related Ratios – MRS, in addition to the information above, includes multi-year trend information (beginning with FY 2017), and is presented in the Required Supplementary Information Section as listed in the table of contents.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			
	PERS		MRS	
	Governmental Activities	Business-type Activities	Governmental Activities	Total
Differences between expected and actual experience	\$ 1,227,094	\$ 37,952	\$ -	\$ 1,265,046
Changes in actuarial assumptions	2,997,353	92,702	-	3,090,055
Net difference between projected and actual earnings on pension plan investments	4,551,983	140,783	445,167	5,137,933
City contributions subsequent to the measurement date	<u>917,339</u>	<u>28,371</u>	<u>-</u>	<u>945,710</u>
Total	<u>\$ 9,693,769</u>	<u>\$ 299,808</u>	<u>\$ 445,167</u>	<u>\$ 10,438,744</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources in the amount of \$945,710 is related to the City's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the year ending September 30, 2023.

Under the PERS retirement plan deferred liabilities and assets, with the exception of differences between projected and actual investment earnings, are amortized over the average of expected remaining service lives. Differences between projected and actual investment earnings are amortized over five years.

Under the MRS pension plan, unfunded liabilities are amortized over a closed 30-year period from within 15 years remaining as of June 30, 2022, as a level percent of the municipality's assessed valuation.

The remaining net amount of \$9,493,034 will be recognized in pension expense as follows:

Year ending September 30,	PERS	MRS	Total
2023	\$ 2,832,866	\$ 95,965	\$ 2,928,831
2024	2,087,018	67,076	2,154,094
2025	(720,066)	(13,769)	(733,835)
2026	4,848,049	295,895	5,143,944
	\$ 9,047,867	\$ 445,167	\$ 9,493,034

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	MRS
Inflation	2.40%	2.75%
Salary increases	2.65 - 17.90%, including inflation	3.00 - 4.50%, including inflation
Investment rate of return	7.55% (net of pension plan investment expense, including inflation)	6.25% (net of pension plan investment expense, including inflation)

The table for post-retirement mortality rates used in evaluating allowances to be paid was 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, 100% for ages above 76.
- Projection scale MP-2020 is used to project future improvements in life expectancy generationally.

The PubT.H-2010 Disabled Retiree Table is used for disabled retirees with the following adjustments:

- For males, 134% of male rates at all ages.
- For females, 121% of female rate at all ages.
- Projection scale MP-2020 to project future improvements in life expectancy generationally.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the four-year period ended June 30, 2020. The experience report is dated April 20, 2021.

For the PERS pension plan, the long-term expected rate of return on the 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 the plans' 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 rate of return by the target asset allocation percentage and by adding expected inflation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash	1.00	-1.00
Total	<u>100.00 %</u>	

For the MRS pension plan, the actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value. Actuarial value of assets was set equal to the market value on September 30, 2006, and smoothing commenced in 2007. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

Discount Rate

The discount rate used to measure the total pension liability for PERS and MRS was 7.55%, which was based on the future long-term expected rate of return of 7.55%. 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 for PERS will be made at rates set in the Board's Funding Policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return investments was applied to all periods of projected benefit payments to determine each plan's total pension liability.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share PERS	\$ 116,624,351	\$ 89,343,696	\$ 66,870,077
City's proportionate share MRS	9,160,925	7,860,283	6,730,268

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued PERS financial reports for PERS and MRS plans which can be obtained at www.pers.ms.gov.

Five-year Trend Information

The following table provides the employer contribution to PERS and MRS for the last five fiscal years:

Year ended September 30,	Employer Contributions	
	PERS	MRS
2022	\$ 5,256,387	\$ 2,506,931
2021	4,682,646	93,363
2020	4,742,904	521,352
2019	4,340,112	898,820
2018	4,344,857	945,713

Deferred Compensation Plan

The Mississippi PERS offers the City's employees voluntary participation in a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RETIREMENT PLANS (CONTINUED)

Deferred Compensation Plan (Continued)

Effective January 1, 1997, the Plan was amended by the State in accordance with the provisions of IRC Section 457(g). On that date, assets of the Plan were placed in trust by the State for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribe that the assets are no longer subject to the claims of the City's general creditors. Accordingly, the assets and the liabilities for the compensation deferred by plan participants were removed from the City's financial statements during the year ended September 30, 1997. As of September 30, 2022 and 2021, assets held by PERS for participants employed by the City were \$6,210,758 and \$7,808,202, respectively.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS

The City of Gulfport Insurance Committee administers the City's self-insured medical and dental plan. City retirees may obtain health and dental insurance by participating in a group with active employees. The retirees now pay 100% of their health insurance premiums, therefore, the City no longer has a post-employment healthcare benefit reportable under GASB 75 as a single employer defined benefit health care plan.

NOTE 11. UNEMPLOYMENT COMPENSATION FUND

In accordance with Mississippi Code Section 71-5-359(f), the City has obtained a surety bond and posted this bond with the Mississippi Employment Security Commission in lieu of maintaining a cash reserve.

NOTE 12. RISK MANAGEMENT

Description

The City's risk management activities are recorded in the Claims Contingency Fund and the Group Life and Health Fund. The purpose of these funds is to administer general liability, police professional liability, automobile and property liability, workers' compensation, employee life, and employee health insurance programs of the City on a cost-reimbursement basis. These funds account for the risk financing activities of the City but do not constitute a transfer of risk from the City.

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which a municipality may be liable under the Tort Claims Act. In order to assure compliance with the Tort Claims Act, House Bill 417 established the Mississippi Tort Claims Board. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Description (Continued)

The City is in compliance with the above by providing a combination of insurance and reserves for its tort liabilities, as well as for all of its other risk management activities. A description of these programs is included below.

Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The following summary reflects the City's insurance coverage and self-insured risk retention ("SIR"):

Workers' Compensation

Per occurrence deductible (SIR)	\$	750,000
Per occurrence deductible (Public Safety)	\$	1,000,000
Annual aggregate risk of loss through deductibles	\$	2,967,009
Specific excess coverage in force		Statutory

Employee Health Insurance

Per occurrence deductible (SIR)	\$	160,000
Annual aggregate risk of loss through deductibles		No Limit

General and Other Liability Coverage

Per occurrence deductible (SIR)	\$	100,000
Annual aggregate risk of loss through deductibles	\$	700,000
MS statutory cap	\$	500,000
Specific excess coverage in force		
General liability, Employee benefit plan liability	\$1 million/occurrence; \$3 million aggregate	
Professional liability	\$2 million/occurrence; \$4 million aggregate	
Automobile, Garagekeepers liability	\$1 million/\$250,000	
CyberFirst liability	\$1 million aggregate	

Property Coverage

Named windstorm	7.5% Per Occurrence, Per Location, subject to \$50K Minimum	
All other wind		50,000
All other perils		\$100,000/occurrence
Wind on water towers		No coverage
Specific excess coverage in force		
Buildings		82,965,049
Contents		6,541,775
Signs		14,624,871

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

Claims Liability

The City records an estimated liability for employee health care, workers' compensation, torts, and other claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The funds establish a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the City from October 1, 2020 to September 30, 2022:

	Claims Contingency	Group Health and Life
Liability balance, October 1, 2020	\$ 728,709	\$ 348,650
Claims and changes in estimates	505,158	2,922,894
Claims payments	(874,954)	(2,935,201)
Liability balance, September 30, 2021	358,913	336,343
Claims and changes in estimates	689,702	5,016,145
Claims payments	(744,591)	(4,999,361)
Liability balance, September 30, 2022	\$ 304,024	\$ 353,127
Assets available to pay claims at September 30, 2022	\$ 3,170,930	\$ 286,289

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

NOTE 13. OTHER COMMITMENTS AND CONTINGENCIES

Federal Grants

In the normal course of operations, the City receives 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.

Management has determined that any liability for reimbursement, which may arise as the result of these audits, is not believed to be material to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. OTHER COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The City is party to various legal proceedings, which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City. In addition, the City currently has \$304,024 accrued in the Claims Contingency Fund for pending or threatened litigation for which unfavorable outcome is considered probable. See Note 12 for treatment of claims incurred but not reported and other tort liability information.

Contract Commitments

Construction Contracts – The following significant contracts were outstanding at September 30, 2022:

	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
25th Ave and 18th Street Drainage	\$ 1,820,731	\$ 1,566,087	\$ 254,644
Debuys Rd Pump Station Replacement Project	158,800	94,683	64,117
Inconnecting Gulfport	2,597,560	2,315,357	282,203
	<u>\$ 4,577,091</u>	<u>\$ 3,976,127</u>	<u>\$ 600,964</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. TAX ABATEMENTS

As of September 30, 2022, the City provides tax abatements through various state and local programs subject to the requirements of GASB Statement No. 77. State programs are authorized through Section §57-75-5(f) of Miss. Code Ann. 1972 and local programs are authorized through resolutions by the Harrison County Supervisors and City Council. These programs are as follows:

Program	Benefit	Eligibility Requirements
Fee-in-Lieu	A company may be approved by local authorities to pay a fee in lieu of standard property taxes. This negotiated fee is valid for 10 years but cannot be less than 1/3 of the property tax levy.	The City may consider a fee-in-lieu agreement when a company's private investment in land, building(s) and equipment exceeds \$100 million.
Real and Personal Property Tax Exemptions	An exemption from property taxes on land, building and equipment is available for up to 10 years. School taxes are not exempt.	Eligible businesses include: manufacturers, processors, research and development facilities, refineries, warehouse and distribution facilities, data and information processing companies and telecommunications and technology-intensive industries. The City Council must approve the exemption.
Exemption on In-state Inventory	An exemption from property taxes on finished goods that will remain in Mississippi is available. School taxes are not exempt. Any taxes paid become a direct credit to Mississippi income tax.	Manufacturers, processors, distributors, wholesalers or retailers are eligible. The City Council must approve the exemption.
Free Port Warehouse Exemption	An exemption from property taxes paid on finished goods inventories leaving Mississippi is available. The exemption may be for all property taxes and may be perpetual.	The City Council must approve the exemption.
Broadband Technology Tax (income, franchise)	An exemption from state income taxes and franchise fees paid to local governments.	Approved by the State of Mississippi.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. TAX ABATEMENTS (CONTINUED)

Total tax abatements as of September 30, 2022 are as follows:

<u>Program</u>	<u>Term</u>	<u>Abatement Period Ends</u>	<u>Assessed Value</u>	<u>Estimated Tax Abated</u>
Property Tax Exemptions	7 years	2023	\$ 267,646	\$ 9,100
	7 years	2024	513,235	17,450
	7 years	2025	2,512,663	85,431
	5 years	2026	833,294	28,332
	7 years	2026	548,786	18,659
	10 years	2026	584,330	19,867
	7 years	2027	195,841	191,990
	7 years	2028	187,759	241,983
Free Port Warehouse Exemptions	Open	N/A	4,929,031	167,587
Total tax abatements			<u>\$ 10,572,585</u>	<u>\$ 780,399</u>

In addition, the City derives authority for tax abatement under the Tax Increment Financing Act, Section 21-45-1 through Section 21-45-21 of the Miss. Code Ann. 1972. Under these statutes, any municipality may enter into agreements with any developer whereby the developer will agree to construct, operate and maintain buildings or other facilities or improvements included within such projects as are provided in a redevelopment plan. In addition, Section 17-21-5 of the Miss. Code Ann. 1972, allows cities to exempt any or all municipal ad valorem taxes, excluding school districts, to any privately owned new or improvements to structures within a designated business district, historic landmark/preservation district, urban renewal or redevelopment district.

These redevelopment districts for the City are located in downtown Gulfport, property north of highway 49 and Mississippi City.

NOTE 15. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

Joint Ventures

Memorial Hospital at Gulfport

Memorial Hospital at Gulfport (“MHG”) is an acute care, not-for-profit community hospital jointly owned by the City and the Gulfport-West Harrison County Hospital District. The Board of Trustees of MHG pursuant to Section 41-13-15 et seq. Miss. Code Ann. 1972, as amended operates it. MHG is classified as a joint venture between the City and the Gulfport-West Harrison County Hospital District. The following is a synopsis of MHG’s financial statements as of and for the year ended September 30, 2022, a copy of which is on file at the administrative offices of:

Memorial Hospital located at 4500 13th Street
Gulfport, Mississippi 39501,
or may be acquired by calling (228) 865-3078.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

Memorial Hospital at Gulfport (Continued)

Memorial Hospital at Gulfport Statement of Net Position

Assets	
Current assets	\$ 159,263,180
Noncurrent cash and investments	96,626,894
Capital assets, net	215,649,253
Other assets	10,559,914
Total assets	482,099,241
Deferred Outflow of Resources	28,009,436
Liabilities	
Current liabilities	104,778,134
Long-term liabilities	152,826,300
Total liabilities	257,604,434
Deferred Inflow of Resources	17,884,305
Net position	
Net investment in capital assets	97,408,076
Restricted	7,121,319
Unrestricted	130,090,543
Total net position	\$ 234,619,938

The City has no transactions with MHG that are included in the City's financial statements. All general obligation bonds issued on behalf of Memorial Hospital were paid off during prior fiscal years. See Note 8 for additional information pertaining to conduit debt issued for Memorial Hospital at Gulfport.

Jointly Governed Organizations

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, if necessary. During the past fiscal year, the City did not provide any funding to the Gulfport-Biloxi Regional Airport.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

Jointly Governed Organizations (Continued)

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 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 contributed \$416,000 for the year ended September 30, 2022. This agreement is cancelable upon 60 days written notice prior to the end of the fiscal year and, therefore, the City does not have an ongoing financial responsibility.

NOTE 16. DEFICIT FUND BALANCE/NET POSITION

The following funds have a deficit in fund balance/net position at September 30, 2022:

Group Health and Life Fund – \$727,257
Capital Projects Fund - \$625,724

The fund deficit will be reduced through intergovernmental revenues.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. RESTATEMENT OF ERRORS IN PRIOR YEAR REPORTING

During the year, management determined the City erroneously recorded funding under the Coronavirus State and Local Recovery Fund program as a revenue in the General Fund, rather than as a liability, as the eligibility criteria had not been met a prior period restatement was necessary to restate the City of Gulfport's liabilities. The effects of the restatement as of September 30, 2022 are as follows.

	Government-type Activities
Net position, as previously reported	\$ 234,894,145
Adjustments to beginning net position to reflect corrections of error, net	
Adjustment to liabilities	(9,751,767)
	\$ 225,142,378

	General Fund
Net position, as previously reported	\$ 44,076,466
Adjustments to beginning net position to reflect corrections of error, net	
Adjustment to liabilities	(9,751,767)
	\$ 34,324,699

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF GULFPORT, MISSISSIPPI
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO THE BUDGETARY SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Budgetary Presentation

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

The budgetary comparisons present budget figures at the legal level of control. 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 level (personal services, supplies, and other services).

The budgets for revenues are on a cash basis – revenue is recognized if actually received within the year. Budgeted expenditures are on the cash basis with allowance for encumbrances for goods and services actually received prior to year-end and liquidated (paid) within thirty days after year-end.

Accounting principles applied in preparation of the budget comparison statements differ from the generally accepted accounting principles used in preparation of the fund statements. These differences in the principles used results in timing differences in the recognition of revenue and expenditures. At the bottom of the schedule is a reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual – Budget Basis to the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.

CITY OF GULFPORT, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 21,833,200	\$ 21,971,544	\$ 21,971,544	\$ -
Sales taxes	23,627,483	28,840,889	28,840,889	-
Gaming fees	3,320,000	5,252,513	5,252,513	-
Licenses, permits and franchise fees	4,800,000	5,289,602	5,289,602	-
Intergovernmental	2,388,662	3,532,697	3,532,697	-
Charges for services/rents/leases	2,400,000	2,128,835	2,128,835	-
Fines and fees	900,000	693,391	693,391	-
Interest income	430,340	353,542	353,542	-
Miscellaneous/other	139,660	293,745	293,745	-
Total revenues	<u>59,839,345</u>	<u>68,356,758</u>	<u>68,356,758</u>	<u>-</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	5,229,767	5,282,296	5,282,296	-
Supplies	101,621	97,651	97,651	-
Other services and charges	6,056,929	3,808,759	3,808,759	-
Capital outlay	98,628	473,865	473,865	-
Total general government	<u>11,486,945</u>	<u>9,662,571</u>	<u>9,662,571</u>	<u>-</u>
Public safety:				
Personnel services	26,819,190	27,289,647	27,289,647	-
Supplies	2,110,761	2,569,897	2,569,897	-
Other services and charges	2,154,693	2,509,137	2,509,137	-
Capital outlay	190,952	1,503,636	1,585,109	(81,473)
Total public safety	<u>31,275,596</u>	<u>33,872,317</u>	<u>33,953,790</u>	<u>(81,473)</u>
Public works:				
Personnel services	2,148,866	1,960,763	1,960,763	-
Supplies	1,123,940	1,166,205	1,166,205	-
Other services and charges	5,480,503	6,311,855	6,311,855	-
Capital outlay	2,042,783	468,735	468,689	46
Debt service	8,280	-	-	-
Total public works	<u>10,804,372</u>	<u>9,907,558</u>	<u>9,907,512</u>	<u>46</u>
Economic development:				
Personnel services	1,624,284	1,505,763	1,505,763	-
Supplies	54,199	39,687	39,687	-
Other services and charges	397,015	303,914	303,914	-
Capital outlay	90,100	40,069	40,069	-
Total economic development	<u>2,165,598</u>	<u>1,889,433</u>	<u>1,889,433</u>	<u>-</u>

(Continued)

CITY OF GULFPORT, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and recreation:				
Personnel services	\$ 3,282,143	\$ 2,850,274	\$ 2,850,274	\$ -
Supplies	880,848	818,510	818,510	-
Other services and charges	1,936,439	2,132,411	2,132,411	-
Capital outlay	42,854	150,669	275,463	(124,794)
Total culture and recreation	<u>6,142,284</u>	<u>5,951,864</u>	<u>6,076,658</u>	<u>(124,794)</u>
Total expenditures	<u>61,874,795</u>	<u>61,283,743</u>	<u>61,489,964</u>	<u>(206,221)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,035,450)</u>	<u>7,073,015</u>	<u>6,866,794</u>	<u>(206,221)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	8,093	(12,693,726)	(12,693,726)	-
Sale of capital assets	-	35,150	35,150	-
Total other financing sources	<u>8,093</u>	<u>(12,658,576)</u>	<u>(12,658,576)</u>	<u>-</u>
Net change in fund balances	(2,027,357)	(5,585,561)	(5,791,782)	(206,221)
Fund balances, beginning of year as restated	<u>34,324,699</u>	<u>34,324,699</u>	<u>34,324,699</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 32,297,342</u>	<u>\$ 28,739,138</u>	<u>28,532,917</u>	<u>\$ (206,221)</u>
			Receivable/revenue adjustments	2,623,359
			Payable/expenditure adjustments	<u>(657,643)</u>
			Fund Balance - September 30 - GAAP Basis	<u>\$ 30,498,633</u>

CITY OF GULFPORT, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AND NOTES MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR THE YEARS ENDED SEPTEMBER 30,

	2022	2021	2020	2019
City's proportion of the net pension liability	0.434%	0.400%	0.405%	0.418%
City's proportionate share of the net pension liability	\$ 89,343,696	\$ 59,171,410	\$ 78,355,283	\$ 73,548,344
City's covered payroll	\$ 28,017,015	\$ 25,005,295	\$ 25,448,543	\$ 25,690,603
City's proportionate share of the net pension liability as a percentage of its covered payroll	318.9%	236.6%	307.9%	286.3%
Plan fiduciary net position as a percentage of the total pension liability	59.9%	70.4%	59.0%	61.6%

The schedule will present 10 years of information once it is accumulated.

Notes to the Schedule:

Changes of assumptions

2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of the 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 was changed from 7.75% to 7.55%
- 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 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of the 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, 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 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.

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 1% and a maximum rate of 5%.

2018	2017	2016	2015
0.427%	0.420%	0.420%	0.420%
\$ 70,978,710	\$ 69,818,256	\$ 75,022,488	\$ 64,923,718
\$ 27,831,601	\$ 27,186,711	\$ 26,563,213	\$ 26,225,454
255.0%	256.8%	282.4%	247.6%
62.5%	61.5%	57.5%	61.7%

CITY OF GULFPORT, MISSISSIPPI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS AND NOTES
AND RELATED RATIOS AND NOTES
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEARS ENDED SEPTEMBER 30,

Year	Statutorily Required Employer Contributions	Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 5,199,377	\$ 5,199,377	\$ -	\$ 28,671,802	18.13%
2021	4,631,585	4,631,585	-	27,518,181	16.83%
2020	4,689,551	4,689,551	-	26,578,245	17.64%
2019	4,288,479	4,288,479	-	25,987,425	16.50%
2018	4,292,050	4,292,050	-	27,965,234	15.35%
2017	4,275,125	4,275,125	-	27,143,651	15.75%
2016	4,232,508	4,232,508	-	26,873,067	15.75%
2015	4,298,859	4,298,859	-	27,294,343	15.75%
2014	4,064,174	4,064,174	-	25,804,279	15.75%
2013	3,817,029	3,817,029	-	26,767,384	14.26%

Valuation date: Actuarially determined contribution rates in the Schedules of Employer Contributions are calculated as of June 30, 2019, two years prior to the end of the fiscal year in which contributions are reported.

CITY OF GULFPORT, MISSISSIPPI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY AND RELATED RATIOS AND NOTES
MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM
FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	5.97%	5.30%	6.99%	6.11%
City's proportionate share of the net pension liability	\$ 7,860,283	\$ 8,456,366	\$ 9,557,473	\$ 9,066,254
City's covered payroll (1)	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	51.5%	49.9%	45.5%	49.9%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

(1) Payroll-related information not provided because plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

2018	2017	2016 (1)	2015 (1)
6.20%	5.95%	5.99%	6.20%
\$ 9,839,391	\$ 10,276,430	\$ 10,276,430	\$ 10,276,430
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
48.4%	47.8%	45.7%	49.6%

CITY OF GULFPORT, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S CONTRIBUTIONS OF THE NET PENSION LIABILITY AND RELATED RATIOS AND NOTES MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM FOR THE YEARS ENDED SEPTEMBER 30,

Year	Statutorily Required Employer Contributions (1)	Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll (2)	Contributions as a Percentage of Covered Payroll (2)
2022	\$ 888,407	\$ 2,506,931	\$ (1,618,524)	N/A	N/A
2021	81,218	93,363	(12,145)	N/A	N/A
2020	521,352	521,352	-	N/A	N/A
2019	1,060,100	1,060,100	-	N/A	N/A
2018	1,025,767	1,025,767	-	N/A	N/A
2017	943,358	943,358	-	N/A	N/A
2016	899,471	899,471	-	N/A	N/A
2015	987,168	987,168	-	N/A	N/A
2014	-	899,471	-	N/A	N/A
2013	-	971,252	-	N/A	N/A

(1) Actuarially determined contributions information only available for seven years.

(2) Payroll-related information not provided because plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

Notes to the Schedule:

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 ended September 30, 2022, were based on the June 30, 2020 actuarial valuation.

SUPPLEMENTARY INFORMATION

Supplementary information is presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation in order to be in conformity with generally accepted accounting principles.

NONMAJOR GOVERNMENTAL FUNDS

Combining and Individual Fund Financial Statements

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific expenditure purposes. A description of these funds is found later in this section.

CITY OF GULFPORT, MISSISSIPPI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	Special Revenue Funds			
	Disaster Relief Fund	Community Development Block Grant Fund	Police and Firemen's Retirement Fund	Forfeitures and Seizures Fund
ASSETS				
Cash and cash equivalents	\$ 2,668,302	\$ 8,560,550	\$ 4,444	\$ -
Property taxes receivable	-	-	1,023,927	-
Intergovernmental receivable	7,937,211	-	-	165
Due from other funds	2,320,129	-	-	-
Restricted cash	-	-	-	866,174
Total assets	<u>\$ 12,925,642</u>	<u>\$ 8,560,550</u>	<u>\$ 1,028,371</u>	<u>\$ 866,339</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 161,942	\$ 139,333	\$ -	\$ -
Accrued wages payable	-	3,310	-	-
Due to other funds	-	5,484,428	-	15,867
Total liabilities	<u>161,942</u>	<u>5,627,071</u>	<u>-</u>	<u>15,867</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - intergovernmental	5,533,892	-	-	-
Deferred inflows - property taxes	-	-	1,017,523	-
Total deferred inflows of resources	<u>5,533,892</u>	<u>-</u>	<u>1,017,523</u>	<u>-</u>
FUND BALANCES				
Restricted for public safety	-	-	10,848	850,472
Restricted for capital projects	7,229,808	-	-	-
Committed for capital projects	-	2,933,479	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>7,229,808</u>	<u>2,933,479</u>	<u>10,848</u>	<u>850,472</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,925,642</u>	<u>\$ 8,560,550</u>	<u>\$ 1,028,371</u>	<u>\$ 866,339</u>

Capital Projects Funds				
Capital Projects Fund	Capital Projects W&S Fund	Capital Projects MIMA Receipts Fund	Debt Service MIMA Fund	Totals
\$ 3,123,936	\$ 229,545	\$ 1,089,435	\$ -	\$ 15,676,212
-	-	-	-	1,023,927
1,168,276	-	-	-	9,105,652
1,734,114	-	-	-	4,054,243
-	-	-	-	866,174
<u>\$ 6,026,326</u>	<u>\$ 229,545</u>	<u>\$ 1,089,435</u>	<u>\$ -</u>	<u>\$ 30,726,208</u>
\$ 88,795	\$ -	\$ -	\$ -	\$ 390,070
-	-	-	-	3,310
5,394,978	-	-	-	10,895,273
<u>5,483,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,288,653</u>
1,168,277	-	-	-	6,702,169
-	-	-	-	1,017,523
<u>1,168,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,719,692</u>
-	-	-	-	861,320
-	229,545	1,089,435	-	8,548,788
				2,933,479
(625,724)	-	-	-	(625,724)
<u>(625,724)</u>	<u>229,545</u>	<u>1,089,435</u>	<u>-</u>	<u>11,717,863</u>
\$ 6,026,326	\$ 229,545	\$ 1,089,435	\$ -	\$ 30,726,208

CITY OF GULFPORT, MISSISSIPPI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Special Revenue Funds			
	Disaster Relief Fund	Community Development Block Grant Fund	Police and Firemen's Retirement Fund	Forfeitures and Seizures Fund
Revenues				
Property taxes	\$ -	\$ -	\$ 975,134	\$ -
Intergovernmental	4,823,239	154,147	16,687	623,274
Interest income	-	996	-	3,768
Miscellaneous revenues	-	-	-	-
Total revenues	4,823,239	155,143	991,821	627,042
Expenditures				
Public safety	-	-	995,335	5,803
Economic development	-	250,855	-	-
Culture and recreation	1,160,614	-	-	-
Capital outlay	-	1,487,464	-	105,849
Debt service				
Principal	3,232,073	-	-	-
Interest	-	-	-	-
Total expenditures	4,392,687	1,738,319	995,335	111,652
Excess (deficiency) of revenues over (under) expenditures	430,552	(1,583,176)	(3,514)	515,390
Other financing sources (uses)				
Sale of capital assets	-	-	-	6,173
Transfers in	815,055	-	-	182,203
Transfers out	-	-	-	-
Total other financing sources (uses)	815,055	-	-	188,376
Net change in fund balances	1,245,607	(1,583,176)	(3,514)	703,766
Fund balances (deficit), beginning of year	5,984,201	4,516,655	14,362	146,706
Fund balances (deficit), end of year	\$ 7,229,808	\$ 2,933,479	\$ 10,848	\$ 850,472

Capital Projects Funds				
Capital Projects Fund	Capital Projects W&S Fund	Capital Projects MIMA Receipts Fund	Debt Service MIMA Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 975,134
2,167,881	-	4,587,931	-	12,373,159
-	-	-	-	4,764
514,898	-	-	-	514,898
<u>2,682,779</u>	<u>-</u>	<u>4,587,931</u>	<u>-</u>	<u>13,867,955</u>
-	-	-	-	1,001,138
-	-	-	-	250,855
-	-	-	-	1,160,614
1,221,983	70,455	-	-	2,885,751
-	-	-	1,630,000	4,862,073
-	-	-	1,868,496	1,868,496
<u>1,221,983</u>	<u>70,455</u>	<u>-</u>	<u>3,498,496</u>	<u>12,028,927</u>
<u>1,460,796</u>	<u>(70,455)</u>	<u>4,587,931</u>	<u>(3,498,496)</u>	<u>1,839,028</u>
-	-	-	-	6,173
1,873,623	300,000	-	3,498,496	6,669,377
-	-	(3,498,496)	-	(3,498,496)
<u>1,873,623</u>	<u>300,000</u>	<u>(3,498,496)</u>	<u>3,498,496</u>	<u>3,177,054</u>
3,334,419	229,545	1,089,435	-	5,016,082
<u>(3,960,143)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,701,781</u>
<u>\$ (625,724)</u>	<u>\$ 229,545</u>	<u>\$ 1,089,435</u>	<u>\$ -</u>	<u>\$ 11,717,863</u>

NONMAJOR PROPRIETARY FUNDS

Combining and Individual Fund Financial Statements

Solid Waste Fund – This fund is used to account for the activities of the City's solid waste management operations. All activities necessary to provide such services are accounted for in this fund.

Harbor Lights Fund – This fund is used to account for the operations of the City's annual Harbor Lights festival held every year between the day after Thanksgiving and New Year's Eve.

Joseph T. Jones Park Fund – This fund is used to account for operations, maintenance, and leasing of boat slips and other facilities within the Joseph T. Jones Memorial Park.

CITY OF GULFPORT, MISSISSIPPI
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2022

	<u>Solid Waste</u>	<u>Harbor Lights</u>	<u>Joseph T. Jones Park</u>	<u>Totals</u>
ASSETS	Fund	Fund	Fund	Fund
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,814,823	\$ 1,071,635	\$ 293,933	\$ 7,180,391
Accounts receivable, net of allowances	-	-	35,537	35,537
Lease receivable	-	251,843	-	251,843
Total current assets	<u>5,814,823</u>	<u>1,323,478</u>	<u>329,470</u>	<u>7,467,771</u>
NON-CURRENT ASSETS				
Capital assets:				
Land	-	-	592,970	592,970
Buildings	-	-	3,994,210	3,994,210
Improvements and infrastructure	-	-	23,909,422	23,909,422
Machinery and equipment	-	-	1,644,381	1,644,381
Vehicles	-	-	71,916	71,916
Less: accumulated depreciation	-	-	(8,546,174)	(8,546,174)
Total non-current assets	<u>-</u>	<u>-</u>	<u>21,666,725</u>	<u>21,666,725</u>
Total assets	<u>5,814,823</u>	<u>1,323,478</u>	<u>21,996,195</u>	<u>29,134,496</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on pension	-	-	99,936	99,936
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,936</u>	<u>\$ 99,936</u>

(Continued)

CITY OF GULFPORT, MISSISSIPPI
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2022

	Solid Waste Fund	Harbor Lights Fund	Joseph T. Jones Park Fund	Totals
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 722,355	\$ 44,217	\$ 575,303	\$ 1,341,875
Sales tax payable	-	-	149	149
Accrued wages payable	-	-	6,984	6,984
Due to other funds	4,940,338	-	2,742,079	7,682,417
Compensated absences	-	-	9,729	9,729
Total current liabilities	<u>5,662,693</u>	<u>44,217</u>	<u>3,334,244</u>	<u>9,041,154</u>
NON-CURRENT LIABILITIES				
Net pension liability	-	-	893,437	893,437
Compensated absences	-	-	4,170	4,170
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>897,607</u>	<u>897,607</u>
Total liabilities	<u>5,662,693</u>	<u>44,217</u>	<u>4,231,851</u>	<u>9,938,761</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred lease receipts	-	251,843	-	251,843
Total deferred inflows of resources	<u>-</u>	<u>251,843</u>	<u>-</u>	<u>251,843</u>
NET POSITION				
Investment in capital assets	-	-	21,666,725	21,666,725
Unrestricted	152,130	1,027,418	(3,802,445)	(2,622,897)
Total net position	<u>\$ 152,130</u>	<u>\$ 1,027,418</u>	<u>\$ 17,864,280</u>	<u>\$ 19,043,828</u>

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

CITY OF GULFPORT, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Solid Waste Fund	Harbor Lights Fund	Joseph T. Jones Park Fund	Totals
OPERATING REVENUES				
Charges for services	\$ 5,097,389	\$ 1,583,678	\$ 1,114,795	\$ 7,795,862
Miscellaneous	-	230,307	4,366	234,673
Total operating revenues	5,097,389	1,813,985	1,119,161	8,030,535
OPERATING EXPENSES				
Personnel services	-	134,362	393,209	527,571
Contractual services	5,662,693	563,903	791,560	7,018,156
Materials and supplies	-	72,899	557,812	630,711
Administrative expenses	-	5,509	-	5,509
Capital outlay	-	46,444	62,238	108,682
Depreciation expense	-	-	704,536	704,536
Total operating expenses	5,662,693	823,117	2,509,355	8,995,165
Operating income (loss)	(565,304)	990,868	(1,390,194)	(964,630)
NON-OPERATING INCOME				
Interest income	-	-	1,214	1,214
Total non-operating income	-	-	1,214	1,214
TRANSFERS				
Transfers in	6,149,325	36,550	406,928	6,592,803
Transfers out	(5,431,891)	-	-	(5,431,891)
Total transfers	717,434	36,550	406,928	1,160,912
Change in net position	152,130	1,027,418	(982,052)	197,496
Net position, beginning of year	-	-	18,846,332	18,846,332
Net position, end of year	\$ 152,130	\$ 1,027,418	\$ 17,864,280	\$ 19,043,828

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

CITY OF GULFPORT, MISSISSIPPI

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Solid Waste	Harbor Lights	Joseph T. Jones Park	
	Fund	Fund	Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 5,097,389	\$ 1,813,985	\$ 1,187,849	\$ 8,099,223
Payments to employees	-	(134,362)	-	(134,362)
Payments for contractual services	-	-	(1,060,798)	(1,060,798)
Payments for other goods and services	-	(644,538)	(299,833)	(944,371)
 Net cash provided by (used in) operating activities	 <u>5,097,389</u>	 <u>1,035,085</u>	 <u>(172,782)</u>	 <u>5,959,692</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	<u>717,434</u>	<u>36,550</u>	<u>406,928</u>	<u>1,160,912</u>
Net cash provided by (used in) noncapital financing activities	<u>717,434</u>	<u>36,550</u>	<u>406,928</u>	<u>1,160,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>-</u>	<u>-</u>	<u>1,214</u>	<u>1,214</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>1,214</u>	<u>1,214</u>
Increase (decrease) in cash and cash equivalents	<u>5,814,823</u>	<u>1,071,635</u>	<u>235,360</u>	<u>7,121,818</u>
Cash and cash equivalents:				
Beginning of year	<u>-</u>	<u>-</u>	<u>58,573</u>	<u>58,573</u>
End of year	<u>\$ 5,814,823</u>	<u>\$ 1,071,635</u>	<u>\$ 293,933</u>	<u>\$ 7,180,391</u>
Classified as:				
Cash and cash equivalents	<u>\$ 5,814,823</u>	<u>\$ 1,071,635</u>	<u>\$ 293,933</u>	<u>\$ 7,180,391</u>
	<u>\$ 5,814,823</u>	<u>\$ 1,071,635</u>	<u>\$ 293,933</u>	<u>\$ 7,180,391</u>

(Continued)

CITY OF GULFPORT, MISSISSIPPI
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Solid Waste	Harbor Lights	Joseph T. Jones Park	Totals
	Fund	Fund	Fund	
Reconciliation of operating income				
(loss) to net cash provided by (used in)				
operating activities:				
Operating income (loss)	\$ (565,304)	\$ 990,868	\$ (1,390,194)	\$ (964,630)
Adjustments to reconcile operating income				
(loss) to net cash provided by				
(used in) operating activities:				
Depreciation	-	-	704,536	704,536
Changes in assets and liabilities:				
Decrease in accounts receivable	-	-	68,688	68,688
Decrease in inventories	-	-	26,557	26,557
Increase in deferred outflows - pension	-	-	(31,693)	(31,693)
Increase in accounts payable	722,355	44,217	324,106	1,090,678
Increase in sales tax payable	-	-	90	90
Increase in due to other funds	4,940,338	-	59	4,940,397
Decrease in deferred inflows - pension	-	-	(178,199)	(178,199)
Increase in net pension liability	-	-	301,723	301,723
Increase in compensated absences	-	-	1,545	1,545
Net cash provided by (used in)				
operating activities	<u>\$ 5,097,389</u>	<u>\$ 1,035,085</u>	<u>\$ (172,782)</u>	<u>\$ 5,959,692</u>

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

INTERNAL SERVICE FUNDS

Combining Fund Financial Statements

Group Life and Health Fund – This fund is used to account for the accumulation and allocation of costs associated with providing health care and life insurance benefits for the City of Gulfport, Mississippi's employees.

Claims Contingency Fund – This fund is used to account for the accumulation of costs associated with workman's compensation claims and general liability claims against the City of Gulfport.

CITY OF GULFPORT, MISSISSIPPI

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2022**

	<u>Group Health and Life</u>	<u>Claims Contingency</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 305,689	\$ 3,066,735	\$ 3,372,424
Due from other funds	-	120,456	120,456
Prepaid insurance	-	1,130,594	1,130,594
Total assets	<u>305,689</u>	<u>4,317,785</u>	<u>4,623,474</u>
LIABILITIES			
Accounts payable	19,400	16,261	35,661
Due to other funds	660,419	487,337	1,147,756
Liability for self-insurance claims	353,127	304,024	657,151
Total liabilities	<u>1,032,946</u>	<u>807,622</u>	<u>1,840,568</u>
NET POSITION			
Unrestricted	<u>(727,257)</u>	<u>3,510,163</u>	<u>2,782,906</u>
Total net position	<u>(727,257)</u>	<u>3,510,163</u>	<u>2,782,906</u>
 Total liabilities and net position	 <u>\$ 305,689</u>	 <u>\$ 4,317,785</u>	 <u>\$ 4,623,474</u>

CITY OF GULFPORT, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Group Health and Life	Claims Contingency	Total
REVENUES			
Employee contributions	\$ 1,064,373	\$ -	\$ 1,064,373
Retiree contributions	192,312	-	192,312
Employer contributions	3,886,778	2,463,206	6,349,984
Miscellaneous	404,544	448,148	852,692
Total revenues	5,548,007	2,911,354	8,459,361
OPERATING EXPENSES			
Administrative expenses	421,759	507,194	928,953
Premium payments	489,765	2,211,716	2,701,481
Claims paid	5,002,356	984,329	5,986,685
Total expenses	5,913,880	3,703,239	9,617,119
Operating loss	(365,873)	(791,885)	(1,157,758)
NONOPERATING REVENUE			
Interest income	4,478	33,061	37,539
OTHER FINANCING SOURCES			
Transfers in	100,000	581,411	681,411
Change in net position	(261,395)	(177,413)	(438,808)
TOTAL NET POSITION, beginning of year	(465,862)	3,687,576	3,221,714
TOTAL NET POSITION, end of year	\$ (727,257)	\$ 3,510,163	\$ 2,782,906

CITY OF GULFPORT, MISSISSIPPI

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Group Health and Life	Claims Contingency	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other operating receipts	\$ -	\$ 448,148	\$ 448,148
Cash received from employees and others	1,678,013	-	1,678,013
Cash received from employer contributions	3,886,778	2,463,206	6,349,984
Cash paid for contractual services	(5,894,480)	(3,798,616)	(9,693,096)
Net cash used in operating activities	(329,689)	(887,262)	(1,216,951)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	100,000	581,411	681,411
Net cash provided by noncapital financing activities	100,000	581,411	681,411
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,478	33,061	37,539
Net cash provided by investing activities	4,478	33,061	37,539
Net change in cash and cash equivalents	(225,211)	(272,790)	(498,001)
Cash and cash equivalents, beginning of year	530,900	3,339,525	3,870,425
Cash and cash equivalents, end of year	\$ 305,689	\$ 3,066,735	\$ 3,372,424
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating loss	\$ (365,873)	\$ (791,885)	\$ (1,157,758)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Change in assets and liabilities:			
Increase in prepaid expenses	-	(25,773)	(25,773)
Increase (decrease) in accounts payable	19,400	(14,716)	4,684
Increase (decrease) in accrued liabilities	16,784	(54,888)	(38,104)
Net cash used in operating activities	\$ (329,689)	\$ (887,262)	\$ (1,216,951)

CUSTODIAL FUNDS

Combining Fund Financial Statements

Custodial Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Asset Forfeiture Fund – This is a fiduciary fund for collecting and settling assets seized jointly by the City and other governments.

Coastal Narcotics Task Force Fund – This is a fiduciary fund for collecting and settling assets seized jointly by the City and other governments.

CITY OF GULFPORT, MISSISSIPPI

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2022**

	Asset Forfeiture Fund	Coastal Narcotics Task Force Fund	Total
ASSETS			
Cash	\$ 140,285	\$ 100,882	\$ 241,167
Assets held for disposal	54,350	-	54,350
Total assets	<u>194,635</u>	<u>100,882</u>	<u>295,517</u>
LIABILITIES			
Due to others	<u>113,911</u>	<u>153</u>	<u>114,064</u>
Total liabilities	<u>113,911</u>	<u>153</u>	<u>114,064</u>
NET POSITION			
Restricted for individuals, organizations and other governments	<u>\$ 80,724</u>	<u>\$ 100,729</u>	<u>\$ 181,453</u>

CITY OF GULFPORT, MISSISSIPPI

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Asset Forfeiture Fund	Coastal Narcotics Task Force Fund	Total
ADDITIONS			
Miscellaneous income	\$ 6,623	\$ 20,255	\$ 26,878
Interest income	1,348	901	2,249
Total additions	<u>7,971</u>	<u>21,156</u>	<u>29,127</u>
DEDUCTIONS			
Other custodial disbursements	<u>-</u>	<u>16,210</u>	<u>16,210</u>
Total deductions	<u>-</u>	<u>16,210</u>	<u>16,210</u>
Change in fiduciary net position	7,971	4,946	12,917
Net position, beginning of year	<u>72,753</u>	<u>95,783</u>	<u>168,536</u>
Net position, end of year	<u>\$ 80,724</u>	<u>\$ 100,729</u>	<u>\$ 181,453</u>

CITY OF GULFPORT, MISSISSIPPI

SCHEDULE OF SURETY BONDS SEPTEMBER 30, 2022

NAME AND POSITION	AMOUNT	EXPIRES
Kenneth L. Casey, Sr., Councilman, Ward 1	\$ 100,000	6/30/2025
Ronald P. Roland, Councilman Ward 2	100,000	7/3/2025
Ella Jean Holmes-Hines, Councilwoman Ward 3	100,000	6/30/2025
F.B. "Rusty" Walker IV, Councilman, Ward 4	100,000	6/30/2025
Myles Sharp, Councilman, Ward 5	100,000	6/30/2025
Robert "R. Lee" Flowers II, Councilman Ward 6	100,000	6/30/2025
Richard Kosloski, Councilwoman, Ward 7	100,000	6/30/2025
William G. "Billy" Hewes III, Mayor	100,000	6/30/2025
Leonard Papania, Chief Administrative Officer	50,000	2/11/2024
Rashida Bell, City Clerk	50,000	9/29/2023
Adam Cooper, Chief of Police	50,000	1/4/2024
Terri N. Fairley, Court Administrator	50,000	11/7/2023
Brittany Rodgers, Clerk of Council	50,000	1/2/2024