

CITY OF BAY ST. LOUIS, MISSISSIPPI

FINANCIAL REPORT

SEPTEMBER 30, 2023



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INTRODUCTORY SECTION

**CITY OF BAY ST. LOUIS, MISSISSIPPI
LISTING OF CITY OFFICIALS
SEPTEMBER 30, 2023**

ELECTED OFFICIALS

Mayor	Michael Favre
Alderman – Ward 1	Jordan Bradford
Alderman – Ward 2	Nancy Moynan
Alderman – Ward 3	Phalba Holmes
Alderman – Ward 4	Kyle Lewis
Alderman – Ward 5	Linda Kay Davis
Alderman – Ward 6	Josh DeSalvo
Alderman – At Large	Larry Smith

APPOINTED DEPARTMENT HEADS

Chief Administrative Officer/City Clerk	Micheal Reso
City Attorney	Heather Smith
Police Department	Alvin Kingston
Fire Department	Monty Strong
Public Works	Ronnie Vanney

INDEPENDENT AUDITOR'S REPORT



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

INDEPENDENT AUDITOR'S REPORT

January 6, 2026

Honorable Mayor and Members of the
City Council
City of Bay St. Louis
Bay St. Louis, Mississippi

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay St. Louis, Mississippi (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay St. Louis, Mississippi, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 15 to the basic financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

As noted in Note 16 to the basic financial statements, the City's prior year financial statements were adjusted for errors resulting in a restatement of the prior year's financial statements. Our opinion is not modified in 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 of Bay St. Louis, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Bay St. Louis, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bay St. Louis, Mississippi's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension liability and contributions on pages 5-11, 54-55 and 56-57, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bay St. Louis, Mississippi's basic financial statements. The combining nonmajor fund financial statements on pages 61-62, schedule of expenditures of federal awards on pages 69-70 as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements*, and schedule of surety bonds for city officials on page 63 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of expenditures of federal awards, and schedule of surety bonds for city officials are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining nonmajor fund financial statements, schedule of expenditures of federal awards, and schedule of surety bonds for city officials 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 report. The other information comprises the information included in the report, such as the listing of officials, 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.

Honorable Mayor and Members of the
City Council
City of Bay St. Louis, Mississippi

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2026, on our consideration of the City of Bay St. Louis, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bay St. Louis, Mississippi's internal control over financial reporting and compliance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF BAY ST. LOUIS, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Bay St. Louis, Mississippi's (the City) Annual Financial Report presents a narrative overview and comparative analysis of the financial activities of the City for the fiscal year ended September 30, 2023 and 2022. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow.

City of Bay St. Louis is located on the Mississippi Gulf Coast. According to the United States Census Bureau, the estimated population of City of Bay St. Louis as of July 1, 2023, is 9,971. The median household income is \$70,082.

Government-wide Financial Highlights

- Total net position decreased \$7,894,491, which includes a prior period adjustment of \$6,692,884 and a change in net position of \$1,201,607, or 17% from 2022 primarily due to the FEMA revenue prior period adjustment for active but incomplete projects.
- General revenues amounted to \$12,785,525 or 53% of total revenues. This amount decreased \$147,482 from 2022. Program revenues amounted to \$11,415,953 or 47% of total revenues, which decreased \$1,953,289 from 2022. Gaming revenue decreased year over year by approximately \$300,000, which accounts for the decrease in general revenue. The decrease in program revenue was because there was an unusually large amount of program revenue recognized in the prior year due to the ARPA and FEMA revenue recognition entries.
- Capital assets, net of accumulated depreciation, increased by \$2,420,886 in the governmental activities and decreased \$3,100,756 in the business-type activities during 2022. The increase in the governmental activities stems primarily from new infrastructure and construction in progress from the Special Obligation Bond, Series 2021 issue. The decrease in the business-type activities stems primarily from annual depreciation.
- Long-term debt increased by \$2,388,200 in the governmental activities and increased by \$710,956 in the business-type activities. The City's total debt outstanding at September 30, 2023 is \$29,624,829 which includes the liability for compensated absences of \$872,235.

Fund Financial Highlights

- *General Fund* – This fund is used for the general operations of the City. The General Fund had \$10,764,187 in revenues, which shows a decrease of \$1,270,503 from 2022 and \$10,396,616 in expenditures, an increase of \$1,521,024 from 2022. The General Fund's fund balance decreased by \$1,288,823, which includes a prior period adjustment of \$94,555, primarily due to a decrease in gaming revenues (approx. \$300k) and an accounting policy change to recognize property tax revenues (approx. \$800k) in specific funds instead of running those tax revenues through the general fund.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Bay St. Louis as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Reporting the City of Bay St. Louis as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. These bases of accounting take into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City's activities are reported as governmental and business-type activities, which include all of the City's services including general government, police, fire, public works, community services, water, gas, sewer and solid waste. The City of Bay St. Louis has no component units.

Table 1 and Table 2 provide a summary of the City's net position and changes in net position for 2023 compared to 2022. The 2022 information is as presented on the prior year financial statements and does not reflect any prior period adjustments.

**TABLE 1
Condensed Statement of Net Position
September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 14,965,013	\$ 21,903,869	\$ 8,647,299	\$ 3,684,936	\$ 23,612,312	\$ 25,588,805
Capital assets	52,636,194	50,157,024	49,471,283	52,567,266	102,107,477	102,724,290
Total assets	67,601,207	72,060,893	58,118,582	56,252,202	125,719,789	128,313,095
Deferred outflows	3,364,300	1,726,852	694,357	281,115	4,058,657	2,007,967
Liabilities						
Current liabilities	2,399,698	2,115,622	4,981,127	1,150,308	7,380,825	3,265,930
Non-current liabilities	23,866,210	21,517,853	4,133,287	3,411,616	27,999,497	24,929,469
Total liabilities	26,265,908	23,633,475	9,114,414	4,561,924	35,380,322	28,195,399
Deferred inflows	4,943,951	4,773,107	-	3,892	4,943,951	4,776,999
Net position						
Investment in capital assets, net of related debt	42,899,822	41,010,763	47,975,388	52,366,144	90,875,210	93,376,907
Restricted net assets	744,766	7,040,583	3,214,430	185,564	3,959,196	7,226,147
Unrestricted	(3,888,940)	(2,670,183)	(1,491,293)	(584,207)	(5,380,233)	(3,254,390)
Total net position	\$ 39,755,648	\$ 45,381,163	\$ 49,698,525	\$ 51,967,501	\$ 89,454,173	\$ 97,348,664

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**TABLE 2
Condensed Statement of Activities
September 30, 2023 and 2022**

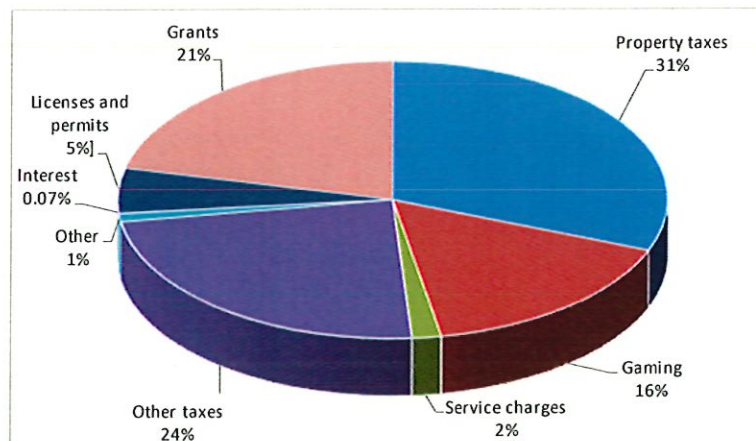
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues	\$ 3,214,186	\$ 6,343,242	\$ 8,201,767	\$ 7,026,000	\$ 11,415,953	\$ 13,369,242
General revenues	12,530,554	12,757,956	254,971	175,051	12,785,525	12,933,007
Total revenues	15,744,740	19,101,198	8,456,738	7,201,051	24,201,478	26,302,249
Expenses						
General government	3,975,636	2,910,334	-	-	3,975,636	2,910,334
Public safety	5,987,124	4,275,143	-	-	5,987,124	4,275,143
Public works	4,258,969	7,191,103	-	-	4,258,969	7,191,103
Culture and recreation	173,626	-	-	-	173,626	-
Interest and issuance cost on debt	271,561	292,287	-	-	271,561	292,287
Utility	-	-	8,456,543	7,380,650	8,456,543	7,380,650
Harbor	-	-	2,279,626	2,182,625	2,279,626	2,182,625
Total expenses	14,666,916	14,668,867	10,736,169	9,563,275	25,403,085	24,232,142
Transfers	(1,615,356)	192,206	1,615,356	(192,206)	-	-
Increase (decrease) in net assets	(537,532)	4,624,537	(664,075)	(2,554,430)	(1,201,607)	2,070,107
Net position, beginning of year	45,381,163	40,756,626	51,967,501	54,521,931	97,348,664	95,278,557
Prior period adjustment	(5,087,983)	-	(1,604,901)	-	(6,692,884)	-
Net position, beginning - restated	40,293,180	40,756,626	50,362,600	54,521,931	90,655,780	95,278,557
Net position, end of year	\$ 39,755,648	\$ 45,381,163	\$ 49,698,525	\$ 51,967,501	\$ 89,454,173	\$ 97,348,664

Governmental Activities

Total net position in the governmental activities decreased \$5,625,515, including a prior period adjustment of \$5,087,983 and a change in net assets of \$537,532, down from a \$4,624,537 increase in 2022. Much of this decrease is due to a decrease in gaming revenue (approx. \$300k) and unusually large amount of program revenue recognized in prior year related to ARPA and FEMA revenue recognition entries.

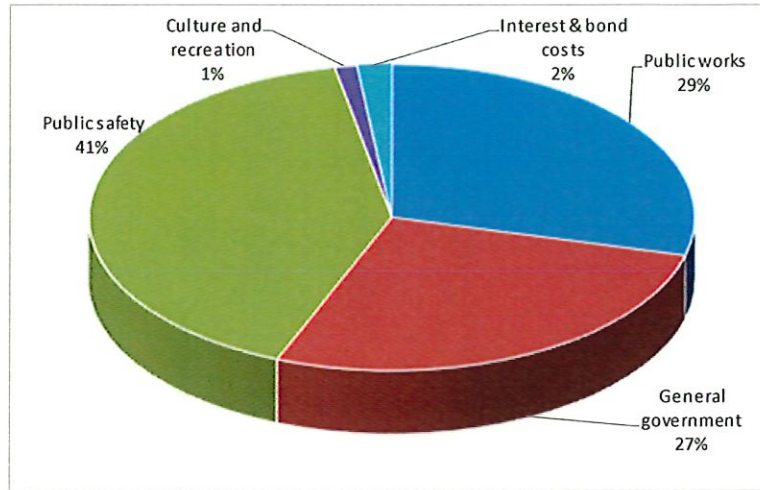
Under the accrual basis of accounting, general revenues amounted to \$12,530,554 or 80% of total revenues. This amount decreased \$227,402 from 2022. This decrease is primarily due to a decrease in gaming revenues (approx. \$300k). Program revenues amounted to \$3,214,186 or 20% of total revenues, which decreased \$3,129,056 from 2022 primarily due to an unusually large amount of program revenue recognized in prior year related to ARPA and FEMA revenue recognition entries.

Several revenue sources fund our governmental activities. The following chart shows the City's total general revenues and program income that is used to offset governmental expenses.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Major governmental expense activities are shown in the following chart.



Business-type Activities

Net position for the business-type activities was \$49,698,525 a decrease of \$2,268,976 from 2022, including a prior period adjustment of \$1,604,901 and a change in net position of \$664,075. Charges for services increased approximately \$642,571.

Reporting the City of Bay St. Louis's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds, which account for the multitude of services provided to the City's residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Bay St. Louis, the City's major funds are the General and Road & Bridge funds.

Governmental Funds

The City's governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The City's proprietary funds focus on business-type activities conducted by the City. These funds are reported using the accrual method of accounting, which uses an "economic resources" measurement focus. Under the accrual basis of accounting revenues are recognized in the period in which they are earned regardless of when cash flows occur. Expenses are recorded when the recognized when the service is performed, or the goods are received regardless of when the invoice is paid. Proprietary Fund information helps you to determine whether business-type activities are self-maintaining or if they are being subsidized by general government revenues. The proprietary funds show operating revenues and expenses that support the primary operations of the fund.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The City's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable and nonspendable resources. Such information may be useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

General Fund Budgeting Highlights

The City's budget is prepared according to Mississippi law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. Governmental auditing standards require that cities present budgetary comparison schedules as required supplementary information to the financial statements. The most significant budgeted fund is the General Fund.

During the course of 2023, the City amended its general fund budget. All recommendations for a budget change come from the City Clerk to the Council for approval. State law does not allow budget changes that modify functional levels of budget amounts within a department without board approval. With the General Fund supporting many of our major activities, such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

Capital Assets

Table 3 shows the Changes in Capital Assets for the years ended September 30, 2023 and 2022.

TABLE 3						
Schedule of Capital Assets (Net of Accumulated Depreciation/Amortization)						
September 30, 2023 and 2022						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,212,282	\$ 1,212,282	\$ -	\$ -	\$ 1,212,282	\$ 1,212,282
Construction in progress	1,981,211	4,012,077	534,053	143,756	2,515,264	4,155,833
Buildings and improvements	26,273,028	22,176,941	32,976	33,976	26,306,004	22,210,917
Infrastructure	20,723,394	20,345,738	48,498,432	51,979,882	69,221,826	72,325,620
Machinery & equipment	1,997,288	2,061,869	391,559	407,442	2,388,847	2,469,311
Mobile equipment	435,341	394,122	14,263	6,983	449,604	401,105
Right of use assets	13,650	12,279	-	-	13,650	12,279
Total	\$ 52,636,194	\$ 50,215,308	\$ 49,471,283	\$ 52,572,039	\$ 102,107,477	\$ 102,787,347

The primary decrease in capital assets occurred due to depreciation; however the city had a significant increase in construction in progress due to the special obligation bond expenditures.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

General Long-term Obligations

At September 30, 2023, the City had \$26,696,409 outstanding debt obligations, which included \$943,815 of compensated absences payable.

**TABLE 4
Schedule of Long-Term Debt
September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General and special obligation bonds	\$ 8,470,000	\$ 8,930,000	\$ -	\$ -	\$ 8,470,000	\$ 8,930,000
Premium on bonds payable	(55,126)	(58,434)	-	-	(55,126)	(58,434)
Water and sewer note payable	-	-	1,440,000	1,800,000	1,440,000	1,800,000
Equipment installment loans	1,435,954	1,571,486	48,217	67,970	1,484,171	1,639,456
Lease payable	14,116	12,745	-	-	14,116	12,745
Compensated absences	797,745	602,271	146,070	106,030	943,815	708,301
Net pension liability	14,459,660	11,604,501	2,939,773	1,889,104	17,399,433	13,493,605
Total	\$ 25,122,349	\$ 22,662,569	\$ 4,574,060	\$ 3,863,104	\$ 29,696,409	\$ 26,525,673

The compensated absences liability identified above refers to the current balance of what has been earned as a termination benefit that will be paid overtime as people leave or retire. This liability refers to vacation pay for employees of the city. See Note 1 to the financial statements for more details.

Economic Conditions and Outlook

The economic outlook for the City of Bay St. Louis is positive. There continues to be a high demand for permanent housing and rental properties in the City. This has resulted in continued increase in new construction permits. This trend does not seem to be slowing down and it is projected to continue into the future. There are several new subdivisions in the planning phase which will also increase the supply of single family homes in our market. This construction and increased population will have a positive impact on the City's property and sales tax collections in the future. The City is also focusing on commercial development in "old town" as well as the Highway Corridor, including trying to attract a new hotel to our market.

Contact the City's Financial Management

Questions about this report or requests for additional financial information may be addressed to:

Michael Reso, Chief Administrative Officer, City Clerk
City of Bay St. Louis, Mississippi
688 Highway 90
Bay St. Louis, MS 39520
(228) 466-8951

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BAY ST. LOUIS, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,973,154	\$ 1,814,101	\$ 6,787,255
Receivables, net	438,117	615,858	1,053,975
Internal balances	357,594	(357,594)	-
Due from other governmental agencies	7,426,781	1,711,203	9,137,984
Prepaid expenses	426,612	122,689	549,301
Inventory for resale	-	81,212	81,212
Restricted assets:			
Cash and cash equivalents	1,342,755	4,659,830	6,002,585
Capital assets			
Nondepreciable assets	3,193,493	534,053	3,727,546
Right of use assets, net of amortization	13,650	-	13,650
Depreciable assets, net of depreciation	49,429,051	48,937,230	98,366,281
Total capital assets	<u>52,636,194</u>	<u>49,471,283</u>	<u>102,107,477</u>
Total assets	<u>67,601,207</u>	<u>58,118,582</u>	<u>125,719,789</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pension liability	<u>3,364,300</u>	<u>694,357</u>	<u>4,058,657</u>
LIABILITIES			
Accounts payable	632,974	546,780	1,179,754
Accrued liabilities	325,917	45,122	371,039
Retainage payable	-	7,678	7,678
Accrued interest	102,690	8,880	111,570
Unearned revenues	10,585	3,451,042	3,461,627
Customer deposits	142,973	480,852	623,825
Long-term liabilities:			
Due within one year			
Bonds, notes payable, and installment loans	841,800	377,886	1,219,686
Lease liabilities	6,886	-	6,886
Compensated absences	335,873	62,887	398,760
Due in more than one year			
Bonds, notes payable, and installment loans	9,009,028	1,110,331	10,119,359
Lease liabilities	7,230	-	7,230
Proportionate share of collective net pension liability	14,459,660	2,939,773	17,399,433
Compensated absences	390,292	83,183	473,475
Total liabilities	<u>26,265,908</u>	<u>9,114,414</u>	<u>35,380,322</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows property tax	<u>4,943,951</u>	<u>-</u>	<u>4,943,951</u>
NET POSITION			
Invested in capital assets, net of related debt	42,899,822	47,975,388	90,875,210
Restricted for:			
Capital improvements	744,766	-	744,766
Other purposes	-	3,214,430	3,214,430
Unrestricted	<u>(3,888,940)</u>	<u>(1,491,293)</u>	<u>(5,380,233)</u>
Total net position	<u>\$ 39,755,648</u>	<u>\$ 49,698,525</u>	<u>\$ 89,454,173</u>

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 3,975,636	\$ 36,094	\$ 8,189	\$ 457,016	\$ (3,474,337)	\$ -	\$ (3,474,337)
Public safety	5,987,124	126,692	45,597	2,434,173	(3,380,662)	-	(3,380,662)
Public works	4,258,969	-	-	-	(4,258,969)	-	(4,258,969)
Culture and recreation	173,626	106,425	-	-	(67,201)	-	(67,201)
Interest and issuance costs on debt	271,561	-	-	-	(271,561)	-	(271,561)
Total governmental activities	14,666,916	269,211	53,786	2,891,189	(11,452,730)	-	(11,452,730)
Business-type activities							
Utility fund	8,456,543	5,034,036	-	796,135			
Harbor fund	2,279,626	1,229,978	-	1,141,618			
Total business-type activities	10,736,169	6,264,014	-	1,937,753			
Total primary government	\$ 25,403,085	\$ 6,533,225	\$ 53,786	\$ 4,828,942	(11,452,730)	(2,534,402)	(13,987,132)
General revenues:							
Property taxes, levied for general purposes					4,908,237	-	4,908,237
General sales and use taxes					2,922,450	167,533	3,089,983
Road and bridge privilege taxes					184,396	-	184,396
Franchise taxes					637,087	-	637,087
Gaming fees and taxes					2,549,885	-	2,549,885
Licenses and permits					825,757	-	825,757
Grants and contributions not restricted to a special purpose					406,015	26,390	432,405
Interest earnings					10,878	10,411	21,289
Miscellaneous					14,724	(3,363)	11,361
Insurance proceeds					27,097	54,000	81,097
Sale of assets					44,028	-	44,028
Transfers					(1,615,356)	1,615,356	-
Total general revenues and transfers					10,915,198	1,870,327	12,785,525
Change in net position					(537,532)	(664,075)	(1,201,607)
Net position - beginning, as previously reported					45,381,163	51,967,501	97,348,664
Prior period adjustments					(5,087,983)	(1,604,901)	(6,692,884)
Net position - beginning, as restated					40,293,180	50,362,600	90,655,780
Net position - ending					\$ 39,755,648	\$ 49,698,525	\$ 89,454,173

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

CITY OF BAY ST. LOUIS, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>General Capital Projects Fund</u>	<u>Other Non- Major Government Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,863,577	\$ -	\$ 2,109,577	\$ 4,973,154
Restricted Assets:				
Cash and cash equivalents	22,000	-	1,320,755	1,342,755
Receivables, net				
Franchise taxes	166,551	-	-	166,551
Gaming fees and taxes	192,028	-	-	192,028
Court fines and fees	79,538	-	-	79,538
Due from other governments	5,060,363	1,778,564	587,854	7,426,781
Due from other funds	1,524,982	32,199	713,783	2,270,964
Prepaid expenses	426,612	-	55,126	481,738
Total assets	<u>\$ 10,335,651</u>	<u>\$ 1,810,763</u>	<u>\$ 4,787,095</u>	<u>\$ 16,933,509</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,038,716	\$ 29,748	\$ 67,379	\$ 1,135,843
Due to other funds	339,422	1,385,611	188,337	1,913,370
Customer deposits	22,000	-	-	22,000
Unearned revenue	10,585	-	-	10,585
Total liabilities	<u>1,410,723</u>	<u>1,415,359</u>	<u>255,716</u>	<u>3,081,798</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes for future reporting period	4,431,997	-	511,953	4,943,950
Unavailable revenues - grants	16,451	1,778,564	14,558	1,809,573
Unavailable revenues - court fines	79,538	-	-	79,538
Total deferred inflows of resources	<u>4,527,986</u>	<u>1,778,564</u>	<u>526,511</u>	<u>6,833,061</u>
FUND BALANCE				
Nonspendable for prepaids				
Prepays	426,612	-	55,126	481,738
Restricted				
Debt service	-	-	114,456	114,456
Capital Improvements	-	-	1,150,459	1,150,459
Other	-	-	44,635	44,635
Committed				
Debt service	-	-	430,267	430,267
Other	-	-	2,209,925	2,209,925
Unassigned	3,970,330	(1,383,160)	-	2,587,170
Total fund balances (deficits)	<u>4,396,942</u>	<u>(1,383,160)</u>	<u>4,004,868</u>	<u>7,018,650</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,335,651</u>	<u>\$ 1,810,763</u>	<u>\$ 4,787,095</u>	<u>\$ 16,933,509</u>

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total fund balance, governmental funds	\$ 7,018,650
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	52,636,194
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(10,590,256)
Governmental funds do not report a liability for accrued interest until it is due and payable. Accrued interest must be reported as a liability in the government-wide financial statements.	(102,690)
Deferred inflows of resources related to court and grant revenues that are unavailable to provide current financial resources for governmental activities.	1,889,111
Net pension liability is not due and payable in the current period; deferred outflows related to pensions are not current assets or financial resources; and deferred inflows related to pensions are not due and payable in the current period and are therefore not reported in the governmental funds.	<u>(11,095,361)</u>
Net Position of Governmental Activities in the Statement of Net Position (Exhibit A)	<u>\$ 39,755,648</u>

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	General Capital Projects Fund	Other Non- Major Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 3,937,127	\$ -	\$ 971,110	\$ 4,908,237
Sales and use taxes	2,409,792	-	512,658	2,922,450
Road and bridge privilege taxes	4,989	-	179,407	184,396
Franchise taxes	637,087	-	-	637,087
Gaming fess and taxes	2,549,885	-	-	2,549,885
Licenses and permits	825,757	-	-	825,757
Fines and fees	114,140	-	-	114,140
Intergovernmental	139,379	1,509,042	538,419	2,186,840
Charges for services	126,916	-	-	126,916
Investment earnings	4,391	-	6,487	10,878
Miscellaneous - other	14,724	-	-	14,724
Total revenues	<u>10,764,187</u>	<u>1,509,042</u>	<u>2,208,081</u>	<u>14,481,310</u>
EXPENDITURES				
General government	3,122,800	-	173,742	3,296,542
Public safety	4,375,914	-	43,608	4,419,522
Public works	2,175,123	-	-	2,175,123
Cultural and recreation	141,868	-	-	141,868
Capital outlay				
General government	317,819	76,220	-	394,039
Public safety	142,552	3,820,576	38,047	4,001,175
Public works	52,755	24,539	539,515	616,809
Culture and recreation	67,785	188,219	8,000	264,004
Debt service:				
Principal retirement	-	-	881,852	881,852
Interest and agent fees	-	-	241,453	241,453
Total expenditures	<u>10,396,616</u>	<u>4,109,554</u>	<u>1,926,217</u>	<u>16,432,387</u>
Excess (deficiency) of revenues over expenditures	<u>367,571</u>	<u>(2,600,512)</u>	<u>281,864</u>	<u>(1,951,077)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from equipment installment loan	245,475	-	-	245,475
Proceeds from sale of assets	57,123	-	-	57,123
Insurance Proceeds	27,097	-	-	27,097
Transfers in	975,627	1,753,112	1,561,779	4,290,518
Transfers out	(2,961,716)	(13,493)	(2,930,665)	(5,905,874)
Total other financing sources (uses)	<u>(1,656,394)</u>	<u>1,739,619</u>	<u>(1,368,886)</u>	<u>(1,285,661)</u>
Net change in fund balances	<u>(1,288,823)</u>	<u>(860,893)</u>	<u>(1,087,022)</u>	<u>(3,236,738)</u>
Fund balances (deficits) - beginning, as previously reported	5,780,320	-	10,037,315	15,817,635
Prior period adjustments	(94,555)	(522,267)	(4,945,426)	(5,562,248)
Fund balances (deficits) - beginning, as restated	<u>5,685,765</u>	<u>(522,267)</u>	<u>5,091,889</u>	<u>10,255,387</u>
Fund balances (deficits) - ending	<u>\$ 4,396,942</u>	<u>\$ (1,383,160)</u>	<u>\$ 4,004,867</u>	<u>\$ 7,018,649</u>

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds:	\$	(3,236,738)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures; however, in the Statement of Activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$4,900,975) exceeded depreciation and amortization (\$2,473,927) in the current period.		2,427,048
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(13,095)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		(325,083)
Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces the liabilities in the Statement of Net Position. Proceeds from long-term debt are reported as current financial resources in governmental funds, but are treated as a liability in the Statement of Activities. This is the amount by which repayments (\$887,522) exceeds proceeds (\$245,475) and interest (\$31,711).		610,336
Change in net position of governmental activities (Exhibit B)	<u>\$</u>	<u>(537,532)</u>

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

CITY OF BAY ST. LOUIS, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	<u>Proprietary Funds-Business-type Activities</u>		
	<u>Major Funds</u>		
	<u>Utility Fund</u>	<u>Harbor Fund</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,306,377	\$ 507,724	\$ 1,814,101
Accounts receivable, net			
Customer accounts	605,124	10,734	615,858
Due from other City funds	196,331	204,158	400,489
Due from other governments	776,308	934,895	1,711,203
Inventory for resale	52,179	29,033	81,212
Prepaid expenses	97,899	24,790	122,689
Total current assets	<u>3,034,218</u>	<u>1,711,334</u>	<u>4,745,552</u>
Non-current assets:			
Restricted Assets:			
Cash and cash equivalents	3,630,967	1,028,863	4,659,830
Capital Assets:			
Land and construction in progress	239,698	294,355	534,053
Depreciable assets, net of accumulated depreciation	29,572,110	19,365,120	48,937,230
Total non-current assets	<u>33,442,775</u>	<u>20,688,338</u>	<u>54,131,113</u>
Deferred outflows of resources			
Deferred outflows on pension liability	436,685	257,672	694,357
Total assets	<u>\$ 36,913,678</u>	<u>\$ 22,657,344</u>	<u>\$ 59,571,022</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 481,815	\$ 117,765	\$ 599,580
Due to other City funds	491,774	266,309	758,083
Compensated absences	46,392	16,495	62,887
Accrued interest payable	-	8,880	8,880
Unearned revenue	3,413,771	37,271	3,451,042
Bonds, installment loans, and notes payable	17,886	360,000	377,886
Payable from restricted assets:			
Customer deposits payable from restricted assets	480,852	-	480,852
Total current liabilities	<u>4,932,490</u>	<u>806,720</u>	<u>5,739,210</u>
Non-current liabilities:			
Compensated absences	37,627	45,556	83,183
Net pension obligation	1,846,172	1,093,601	2,939,773
Bonds, capital leases, and notes payable, non-current	30,331	1,080,000	1,110,331
Total non-current liabilities	<u>1,914,130</u>	<u>2,219,157</u>	<u>4,133,287</u>
Total liabilities	<u>6,846,620</u>	<u>3,025,877</u>	<u>9,872,497</u>
NET POSITION			
Invested in capital assets, net of related debt	29,755,913	18,219,475	47,975,388
Restricted for capital projects	-	1,028,863	1,028,863
Unrestricted	311,145	383,129	694,274
Total net position	<u>\$ 30,067,058</u>	<u>\$ 19,631,467</u>	<u>\$ 49,698,525</u>

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Proprietary Funds-Business-type Activities</u>		
	<u>Major Funds</u>		<u>Total Enterprise Funds</u>
	<u>Utility Fund</u>	<u>Harbor Fund</u>	
REVENUES			
Charges for services			
Water sales, sewer revenues & installations, net	\$ 5,034,036	\$ -	\$ 5,034,036
Slip rental fees	-	637,440	637,440
Fuel sales	-	584,009	584,009
Total charges for services	<u>5,034,036</u>	<u>1,221,449</u>	<u>6,255,485</u>
Total operating revenues	<u>5,034,036</u>	<u>1,221,449</u>	<u>6,255,485</u>
OPERATING EXPENSES			
Personnel services	1,192,432	612,355	1,804,787
Natural gas and fuel purchases	445,068	440,827	885,895
Waste collection and disposal	1,053,152	6,904	1,060,056
Wastewater treatment	1,235,815	-	1,235,815
Contractual services	1,343,391	487,229	1,830,620
Other services, charges, supplies and expenses	301,570	9,549	311,119
Depreciation expense	<u>2,883,608</u>	<u>660,953</u>	<u>3,544,561</u>
Total operating expenses	<u>8,455,036</u>	<u>2,217,817</u>	<u>10,672,853</u>
Operating Income (loss)	<u>(3,421,000)</u>	<u>(996,368)</u>	<u>(4,417,368)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	7,646	2,765	10,411
Intergovernmental tax revenues	167,533	-	167,533
Miscellaneous revenue (expenses)	4,501	(7,864)	(3,363)
Insurance proceeds	-	54,000	54,000
Capital grants and contributions	822,525	1,141,618	1,964,143
Interest expense	<u>(1,507)</u>	<u>(53,280)</u>	<u>(54,787)</u>
Total non-operating revenue (expenses)	<u>1,000,698</u>	<u>1,137,239</u>	<u>2,137,937</u>
INCOME (LOSS) BEFORE TRANSFERS AND SPECIAL ITEM	<u>(2,420,302)</u>	<u>140,871</u>	<u>(2,279,431)</u>
Transfers in	460,374	2,769,381	3,229,755
Transfers out	<u>(627,245)</u>	<u>(987,154)</u>	<u>(1,614,399)</u>
CHANGE IN NET POSITION	<u>(2,587,173)</u>	<u>1,923,098</u>	<u>(664,075)</u>
TOTAL NET POSITION - BEGINNING, as previously reported	<u>32,741,565</u>	<u>19,225,936</u>	<u>51,967,501</u>
PRIOR PERIOD ADJUSTMENTS	<u>(87,334)</u>	<u>(1,517,567)</u>	<u>(1,604,901)</u>
TOTAL NET POSITION - BEGINNING, as restated	<u>32,654,231</u>	<u>17,708,369</u>	<u>50,362,600</u>
TOTAL NET POSITION - ENDING	<u>\$ 30,067,058</u>	<u>\$ 19,631,467</u>	<u>\$ 49,698,525</u>

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Proprietary Funds-Business-type Activities</u>		
	<u>Major Funds</u>		
	<u>Utility Fund</u>	<u>Harbor Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 8,387,545	\$ 1,238,753	\$ 9,626,298
Payments to suppliers	(4,117,915)	(2,739,863)	(6,857,778)
Payments to employees	(754,335)	(374,642)	(1,128,977)
Net cash provided by (used in) operating activities	<u>3,515,295</u>	<u>(1,875,752)</u>	<u>1,639,543</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Miscellaneous revenues	4,501	(7,864)	(3,363)
Intergovernmental taxes	167,533	-	167,533
Transfers to/from other funds	(166,871)	1,782,227	1,615,356
Net cash provided by (used in) noncapital financing activities	<u>5,163</u>	<u>1,774,363</u>	<u>1,779,526</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases and construction of capital assets	(128,255)	(315,550)	(443,805)
Proceeds from capital grants	51,539	209,736	261,275
Proceeds from insurance	-	54,000	54,000
Principal paid on capital debt	(19,439)	(360,000)	(379,439)
Interest paid on capital debt	(1,507)	(53,280)	(54,787)
Net cash used in capital and related financing activities	<u>(97,662)</u>	<u>(465,094)</u>	<u>(562,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	7,646	2,765	10,411
Net cash provided by investing activities	<u>7,646</u>	<u>2,765</u>	<u>10,411</u>
Net increase (decrease) in cash and cash equivalents	3,430,442	(563,718)	2,866,724
Balances-beginning of the year	<u>1,506,902</u>	<u>2,100,305</u>	<u>3,607,207</u>
Balances-end of the year	<u>\$ 4,937,344</u>	<u>\$ 1,536,587</u>	<u>\$ 6,473,931</u>
RECONCILIATION TO STATEMENT OF NET POSITION			
Unrestricted:			
Cash and cash equivalents	\$ 1,306,377	\$ 507,724	\$ 1,814,101
Restricted:			
Cash and cash equivalents	3,630,967	1,028,863	4,659,830
	<u>\$ 4,937,344</u>	<u>\$ 1,536,587</u>	<u>\$ 6,473,931</u>

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Proprietary Funds-Business-type Activities</u>		
	<u>Major-Funds</u>		
	<u>Utility Fund</u>	<u>Harbor Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (3,421,000)	\$ (996,368)	\$ (4,417,368)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	2,883,608	660,953	3,544,561
Decrease (increase) in assets			
Accounts receivable	(84,612)	(1,384,571)	(1,469,183)
Due from other funds	(179,093)	1,413,840	1,234,747
Inventory	26,624	11,370	37,994
Prepaid expenses	(46,936)	(18,756)	(65,692)
Deferred outflows	(262,394)	(150,848)	(413,242)
Increase (decrease) in liabilities			
Accounts payable and accrued liabilities	228,893	(26,838)	202,055
Due to other funds	234,526	(1,759,917)	(1,525,391)
Compensated absences	28,433	11,607	40,040
Customer deposits	20,960	-	20,960
Unearned revenues	3,413,771	(11,965)	3,401,806
Deferred inflows	(2,413)	-	(2,413)
Pension liabilities and deferred inflows	674,928	375,741	1,050,669
Net cash provided by (used in) operating activities	<u>\$ 3,515,295</u>	<u>\$ (1,875,752)</u>	<u>\$ 1,639,543</u>

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

NOTES TO FINANCIAL STATEMENTS

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Introduction

The City of Bay St. Louis, Mississippi, (the “City”) was incorporated on January 21, 1818, under the laws of the State of Mississippi. The City operates under a Mayor-Council form of government, which provides for an elected mayor and seven-member council. The following services are provided by the City’s charter: public safety (police, fire, civil defense and protection inspection), public works (street maintenance and sanitation), utility (garbage collection, water, sewer and gas services), economic development (public improvements, planning and zoning), harbor, culture and recreation, and general government (general administrative services).

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

II. Financial Reporting Entity

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the City’s governing board. As defined by accounting principles generally accepted in the United States of America, the City is considered a “primary government.” The City is governed by a seven member council in which six members were elected by the citizens of each defined ward and one member elected at-large.

The City’s basic financial statements include the accounts of all City operations. The criteria for including organizations as component units of the City consist of oversight responsibility, special financing relationships and scope of public services. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, the City has no component units. However, see Note 14 for information describing joint ventures of the City and other governmental entities.

III. Basis of Accounting, Measurement Focus, and Presentation

The City’s basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

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

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

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

Government-wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the City. It is used to account for all activities of the general government for which a separate fund has not been established. The general fund is always reported as a major fund in the governmental fund statements.

General Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other assets. This fund was selected to be classified as a major fund due to the type of revenues.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

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

Governmental Fund Financial Statements, (Continued)

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

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

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including acquisition or construction of a capital project.

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

Property taxes, franchise fees, sales taxes, and licenses, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales tax collected and held by vendors at year end on behalf of the City is also recognized as revenue if collected within 60 days after year end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. In general, all other revenue items are considered to be measurable and available only when cash is received by the City.

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

Proprietary Fund Financial Statements

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

The City reports the following major enterprise funds:

Utility Fund – The utility fund accounts for the activities of the City's water, sewer, garbage collections and gas services.

Harbor Fund – The harbor fund accounts for the activities of the City's harbor facilities.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

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

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

IV. Use of Estimates

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

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

Cash and Cash Equivalents

The City's cash and cash equivalents are primarily considered to be cash on hand, amounts held in demand deposits, and certificates of deposit. 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 to be cash equivalents.

Investments

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

Receivables

Property taxes are recognized as a receivable at the time they are levied, and the current taxes receivable represent the 2023 levy and prior levies still uncollected, if any.

Accounts receivable held by the City's governmental and business-type activities are stated net of allowances for estimated uncollectibles as of September 30, 2023. The allowance is based on historical collection, experience, and other relevant circumstances.

Inventory

Proprietary fund inventories are valued at the lower of cost (first in, first out) or market. Inventories consist of gas held for resale. Revenues are recorded at the time inventory is sold.

Unbilled Services Receivable

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2023, are recorded as prepaid items. In governmental funds, reported prepaid items are equally offset by nonspendable fund balance amounts, which indicate they do not constitute “available spendable resources” even though they are a component of net current assets. The net change in nonspendable fund balances is not presented because the combined statement of revenues, expenditures, and changes in fund balances reflects the changes in total fund balances rather than just the spendable and nonspendable fund balances.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and current infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), net of depreciation, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which costs of capital assets, other than infrastructure, have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at acquisition value at the date of donation. Those assets received that will be capitalized are recorded as capital outlay in the fund statements and capital grant and contribution revenues in the statement of activities. Assets acquired using installment loan financing are treated in the same manner as purchased capital assets. Interest expenditures are not capitalized on capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized; however, improvements are capitalized.

Governmental accounting and financial reporting standards allowed governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. The City meets these criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

Property, plant, and equipment of the City are depreciated based on the following thresholds, estimated useful lives and salvage value percentage of cost:

	Capitalization Threshold	Estimated Useful Life	Salvage Value (% of Cost)
Land	\$ -	N/A	N/A
Infrastructure	-	20-60 years	30%
Buildings	50,000	40-50 years	20%
Improvements	25,000	40-50 years	20%
Machinery and equipment	5,000	3-15 years	10%
Vehicles	5,000	3-15 years	10%

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category related to the City's participation in the pension plan, the unamortized changes in investments actual performance, expectations, projections, and changes in plan assumptions (See Note 9).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category: property tax for future reporting period/unavailable revenue (See Note 4); unavailable revenue – grants and unavailable revenue – fines reported in the governmental fund financial statements; and the City's participation in the pension plan and the difference between projected and actual plan investment earnings (See Note 9) reported at the government-wide level.

Pensions

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

Long-term Liabilities

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Liabilities (continued)

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

Compensated Absences

In the current year, the City implemented new accounting standard GASB No. 101 – Compensated absences (See Note 15). Employees may accumulate unused vacation hours without limitation, however, cash payments upon employee termination or retirement are limited to a maximum of 30 days of accumulated leave pay. Excess vacation and all accumulated sick leave remaining are counted as creditable service toward retirement. The City accrues and recognizes accrued compensated absence liability when the leave is both earned by the employee and probable of being paid by the City in the future. The estimated compensated absence liability is based on historical usage patterns and policy limitations on leave usage.

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

Fund Balance

As of September 30, 2023, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The City currently has prepaid insurance reported as non-spendable fund balance.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The City currently has amounts restricted for debt service, customer deposits, and capital projects.

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

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

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance (continued)

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

Net Position

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

VI. Stewardship, Compliance, and Accountability

The procedures used by the City in establishing the budget are mandated by Mississippi State Law. A brief summary of the City's policies for recording budgetary data in the financial statements are as follows:

1. Prior to September 1, the Mayor submits to the Council a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. No later than September 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for the governmental funds. The Council may amend the budget during the fiscal year, by resolution, to reallocate resources.
5. Budgets for the governmental funds are adopted on a cash basis except for expenditures which include those paid within 30 days of the fiscal year end as required by state statute.

Budgetary – GAAP Reporting Reconciliations

Budgetary comparison is required to be presented for the general fund and each major special revenue fund, if any, with a legally adopted budget. The City adopts annual operating budgets for the general fund and all major special revenue funds. Budgetary comparisons, presented in the required supplementary information section of this report, are on the budgetary basis. Certain adjustments are necessary to compare actual data on a GAAP versus budget basis. These reconciling adjustments can be found in the Budgetary Comparison Schedule.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2: CASH

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

A summary of cash (including restricted cash) at September 30, 2023 is as follows:

	Cash on Hand	Cash Deposits	Pooled Cash Deposits	Total
Governmental Activities				
General fund	\$ 275	\$ 101,049	\$ 2,784,253	\$ 2,885,577
Other nonmajor gov't funds	-	1,655,372	1,774,960	3,430,332
Total governmental activities	<u>275</u>	<u>1,756,421</u>	<u>4,559,213</u>	<u>6,315,909</u>
Business-type Activities				
Utility fund	200	1,729,669	3,207,475	4,937,344
Harbor fund	200	1,045,590	490,797	1,536,587
Total business-type activities	<u>400</u>	<u>2,775,259</u>	<u>3,698,272</u>	<u>6,473,931</u>
Total cash and cash equivalents	<u>\$ 675</u>	<u>\$ 4,531,680</u>	<u>\$ 8,257,485</u>	<u>\$12,789,840</u>

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

Governmental Activities	
Cash and cash equivalents	
Restricted for capital projects	\$ 461,533
Restricted for debt service	114,456
Restricted for customer deposits	22,000
Restricted for other specific purpose	<u>744,766</u>
Total restricted assets - governmental activities	<u>1,342,755</u>
Business-type Activities	
Cash and cash equivalents	
Restricted for utility customer deposits	481,087
Restricted for capital projects	<u>4,178,743</u>
Total restricted assets - business-type activities	<u>4,659,830</u>
Total restricted assets - government-wide	<u>\$ 6,002,585</u>

Custodial Credit Risk - Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. The collateral is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Miss. Code Ann. (1972), §27-105-5.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 2: CASH (Continued)

Custodial Credit Risk - Deposits (Continued)

Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

At September 30, 2023, deposits (including restricted deposits) are as follows:

	Bank Balance	Carrying Amount
Pooled deposits:		
Cash and cash equivalents	\$ 8,393,215	\$ 8,257,485
Non-pooled deposits:		
Cash and cash equivalents	4,553,614	4,532,355
Total	\$12,946,829	\$ 12,789,840

NOTE 3: RECEIVABLES

Receivables at September 30, 2023, consist of the following:

	Governmental Activities	Business-type Activities	Total
Franchise taxes	\$ 166,551	\$ -	\$ 166,551
Court	1,039,163	-	1,039,163
Gaming	192,028	-	192,028
Customer utility charges	-	2,058,526	2,058,526
Customer slip rental	-	43,273	43,273
Total receivables, gross	1,397,742	2,101,799	3,499,541
Less allowance for doubtful receivables	(959,625)	(1,485,941)	(2,445,566)
Total receivables, net	\$ 438,117	\$ 615,858	\$ 1,053,975

Trade Receivables

All trade receivables are shown net of an allowance for uncollectible amounts. At September 30, 2023, allowances in the amounts of \$1,453,402 and \$32,539 have been recorded for the utilities fund and harbor fund, respectively.

Property Taxes

The City Council, each year in September, levies a tax on real and personal property based on the assessed value of property as compiled by the Hancock County Tax Assessor. The taxes on real property attach as an enforceable lien on the property as of January 1 of each year and taxes on personal property attach as an enforceable lien on the property as of March 1 of each year. Taxes on both real and personal property are due on or before February 1 of the succeeding year. Taxes on motor vehicles and mobile homes attach as an enforceable lien in the month that coincides with the month of original purchase.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 3: RECEIVABLES (Continued)

Property Taxes (Continued)

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

However, taxes for any assessment year may not exceed one hundred ten percent (110%) of the taxes collected for the prior assessment year. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation. In addition, the City Council may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue when received. Personal property taxes are recognized as revenue when received because most delinquent personal property taxes are collected by selling the property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year. The remaining amount of personal property not sold for taxes at the tax sale is recorded as delinquent taxes receivable.

The tax levies for the City for the fiscal years ended September 30, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
City Funds			
General Fund	22.39	22.59	25.57
Library	0.93	0.93	1.18
Debt service - 2016 R&B Bond	1.20	2.06	2.00
Debt service - 2020 RD	2.23	1.17	-
Total City administered funds	26.75	26.75	28.75
School Funds			
District maintenance	41.10	39.85	46.88
School debt	1.20	1.24	1.50
Total School administered funds	42.30	41.09	48.38
Total levy	69.05	67.84	77.13

NOTE 4: DUE FROM OTHER GOVERNMENTS

Sales Tax

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Bay St. Louis) back to the City monthly. Sales tax revenue was \$2,400,361 for the year ended September 30, 2023. Sales tax receivable is included in due from other governments on the statement of net position and balance sheet – governmental funds and consists of taxes collected by the State for August and September 2023 and not received by the City until October and November 2023.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4: DUE FROM OTHER GOVERNMENTS (Continued)

Sales Tax (continued)

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Property taxes:			
Current	\$ 183,423	\$ -	\$ 183,423
For future reporting period	4,431,998	-	4,431,998
Property taxes total	4,615,421	-	4,615,421
Sales and use tax	377,813	9,919	387,732
Gaming taxes and fees	18,874	-	18,874
Grants	2,299,904	1,701,284	4,001,188
County road tax	114,769	-	114,769
Total due from other governments	<u>\$ 7,426,781</u>	<u>\$ 1,711,203</u>	<u>\$ 9,137,984</u>

Gaming Fees and Taxes Revenue

The City receives gaming revenues from a casino located within the corporate City limits as follows:

Gross Revenue Gaming Tax and Gaming Device Tax

Gaming activities are taxed in a variety of ways. The gross gaming revenue tax is imposed and collected by the State of Mississippi which is similar to sales tax and is remitted to the City. In addition to the taxes on gross gaming revenue, the State, City, and County annually receive licensing fees and permits from the casino for each gaming device. The amount of gaming tax revenue and gaming device revenue were \$133,455 and \$83,600, respectively.

Gaming Service Fees

In addition to the State tax, the City, through local ordinance in accordance with state laws, has negotiated a contractual service fee of 3.2% of gross gaming revenue in lieu of per customer boarding fee, to be paid directly to the City on a monthly basis. Of this tax, 2.8% is allocated to the General fund and 0.4% to the Bay St. Louis-Waveland School District. In the year ended September 30, 2023, the City collected \$2,332,830 in service fees.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5: CAPITAL ASSETS

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

	Balance October 1, 2022	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2023
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 1,212,282	\$ -	\$ -	\$ -	\$ 1,212,282
Construction in progress	4,012,077	4,333,193	(20,334)	(6,343,725)	1,981,211
Total capital assets, not being depreciated	<u>5,224,359</u>	<u>4,333,193</u>	<u>(20,334)</u>	<u>(6,343,725)</u>	<u>3,193,493</u>
Capital assets, being depreciated:					
Buildings and improvements	29,143,821	-	-	4,703,699	33,847,520
Infrastructure	40,460,038	204,644	-	1,595,463	42,260,145
Machinery & equipment	5,273,893	262,863	(50,249)	44,563	5,531,070
Vehicles	2,636,855	120,654	(93,702)	-	2,663,807
Right of use assets	20,919	6,888	-	-	27,807
Total capital assets, being depreciated	<u>77,535,526</u>	<u>595,049</u>	<u>(143,951)</u>	<u>6,343,725</u>	<u>84,330,349</u>
Less accumulated amortization and depreciation for:					
Buildings and improvements	(6,966,880)	(607,612)	-	-	(7,574,492)
Infrastructure	(20,114,300)	(1,422,451)	-	-	(21,536,751)
Machinery & equipment	(3,212,024)	(368,282)	46,524	-	(3,533,782)
Vehicles	(2,242,733)	(70,065)	84,332	-	(2,228,466)
Right of use assets	(8,640)	(5,517)	-	-	(14,157)
Total accumulated amortization and depreciation	<u>(32,544,577)</u>	<u>(2,473,927)</u>	<u>130,856</u>	<u>-</u>	<u>(34,887,648)</u>
Total capital assets, being depreciated, net	<u>44,990,949</u>	<u>(1,878,878)</u>	<u>(13,095)</u>	<u>6,343,725</u>	<u>49,442,701</u>
Total governmental activities capital assets, net	<u>\$ 50,215,308</u>	<u>\$ 2,454,315</u>	<u>\$(33,429)</u>	<u>\$ -</u>	<u>\$ 52,636,194</u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 5: CAPITAL ASSETS (Continued)

	Balance October 1, 2022	Additions	Disposals	Transfers/ Adjustments	Balance September 30, 2023
Business-type Activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 143,756	\$ 449,607	\$(59,310)	\$ -	\$ 534,053
Total capital assets, not being depreciated	143,756	449,607	(59,310)	-	534,053
Capital assets, being depreciated:					
Buildings	118,603	-	-	-	118,603
Improvements	75,601,623	-	-	-	75,601,623
Harbor infrastructure	24,475,620	-	-	-	24,475,620
Machinery & equipment	999,924	45,508	-	-	1,045,432
Vehicles	69,828	8,000	-	-	77,828
Total capital assets, being depreciated	101,265,598	53,508	-	-	101,319,106
Less accumulated depreciation for:					
Buildings and improvements	(84,627)	(1,000)	-	-	(85,627)
Improvements	(43,634,183)	(2,937,290)	-	-	(46,571,473)
Harbor infrastructure	(4,463,178)	(544,160)	-	-	(5,007,338)
Machinery & equipment	(592,482)	(61,391)	-	-	(653,873)
Vehicles	(62,845)	(720)	-	-	(63,565)
Total accumulated depreciation	(48,837,315)	(3,544,561)	-	-	(52,381,876)
Total capital assets, being depreciated, net	52,428,283	(3,491,053)	-	-	48,937,230
Total business-type activities capital assets, net	\$ 52,572,039	\$ (3,041,446)	\$(59,310)	\$ -	\$ 49,471,283
Primary Government					
Total capital assets, net	\$ 102,787,347	\$ (587,131)	\$(92,739)	\$ -	\$ 102,107,477

Depreciation and amortization expense for the year ended September 30, 2023 was charged to the following governmental functions:

Governmental Activities	
General government	\$ 401,341
Public safety	388,354
Public works	1,684,232
Total depreciation - governmental activities	<u>\$ 2,473,927</u>
Business-type Activities	
Utility fund	\$ 2,880,463
Harbor fund	664,098
Total depreciation - business-type assets	<u>\$ 3,544,561</u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 6: LEASING ARRANGEMENTS

Lessee

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

The following is a schedule of the City's lease liabilities related to these leases at September 30, 2023:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 6,886	\$ 374	\$ 7,260
2025	3,905	234	4,139
2026	1,773	134	1,907
2027	1,552	38	1,590
	<u>\$ 14,116</u>	<u>\$ 780</u>	<u>\$ 14,896</u>

NOTE 7: LONG-TERM LIABILITIES

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

	Balance October 1, 2022	Additions	Principal Payments/ Reductions	Balance September 30, 2023	Due within One Year
Governmental Activities					
General and Special					
Obligation Bonds	\$ 8,930,000	\$ -	\$ (460,000)	\$ 8,470,000	\$ 470,000
Discount on bonds payable	(58,434)	-	3,308	(55,126)	(3,308)
Equipment installment loans	1,571,486	245,475	(381,007)	1,435,954	375,108
Lease payable	12,745	6,888	(5,517)	14,116	6,886
Compensated absences	602,271	372,209	(248,315)	726,165	335,873
Net pension liability	11,604,501	2,855,159	-	14,459,660	-
Total governmental activities	<u>\$ 22,662,569</u>	<u>\$ 3,479,731</u>	<u>\$(1,091,531)</u>	<u>\$ 25,050,769</u>	<u>\$ 1,184,559</u>
Business-type Activities					
Water and sewer note payable	\$ 1,800,000	\$ -	\$ (360,000)	\$ 1,440,000	\$ 360,000
Equipment installment loans	67,970	-	(19,753)	48,217	17,886
Compensated absences	106,030	82,860	(42,820)	146,070	62,887
Net pension liability	1,889,104	1,050,669	-	2,939,773	-
Total business-type activities	<u>\$ 3,863,104</u>	<u>\$ 1,133,529</u>	<u>\$ (422,573)</u>	<u>\$ 4,574,060</u>	<u>\$ 440,773</u>

The General, Utility, and Harbor Funds provide the resources for the retirement of compensated absences. For the year ended September 30, 2023, interest incurred and charged to expense totaled \$271,561 in the governmental activities and \$54,787 in the business-type activities.

Bonds Payable

The City is responsible for the repayment of Special and General Obligations Bonds issued for City capital projects and improvements. The General Obligation bonds issued in 2016 and Special Obligation bonds issued in 2021 will be paid by general ad valorem tax collections.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7: LONG-TERM LIABILITIES (Continued)

Bonds Payable (Continued)

The \$6,500,000 in Special Obligation bonds issued in 2021 were issued at an original issue discount of \$62,845 and will be amortized over the bond life of 19 years at \$3,308 annually. The prepaid bond discount at September 30, 2023 was \$55,126 and is included in bonds payable on the statement of net position.

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

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2023
Governmental Activities:					
General obligation bonds:					
General obligation bonds Series 2016	3/15/2016	3/1/2036	2.50%	\$ 4,000,000	\$ 2,880,000
Special obligation bonds:					
Special obligation bonds Series 2020	11/3/2020	6/1/2039	1.75%	6,500,000	5,590,000
Total governmental activities				<u>\$ 10,500,000</u>	<u>\$ 8,470,000</u>

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

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2024	\$ 470,000	\$ 222,376	\$ 692,376
2025	485,000	212,675	697,675
2026	495,000	202,700	697,700
2027	505,000	190,638	695,638
2028	520,000	178,331	698,331
2029-2033	2,830,000	687,612	3,517,612
2034-2038	2,735,000	282,556	3,017,556
2039-2043	430,000	13,438	443,438
	<u>\$ 8,470,000</u>	<u>\$ 1,990,326</u>	<u>\$ 10,460,326</u>

Interest accrued on bonds payable totaled \$92,875 for the fiscal year ended September 30, 2023.

Negotiable Note Payable

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

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2023
Business-type Activities:					
Notes payable:					
Community Bank	7/28/2022	7/28/2027	2.96%	\$ 1,800,000	\$ 1,440,000
Total business-type activities				<u>1,800,000</u>	<u>1,440,000</u>
Total notes payable				<u>\$ 1,800,000</u>	<u>\$ 1,440,000</u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7: LONG-TERM LIABILITIES (Continued)

Negotiable Note Payable (continued)

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

Year Ending September 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2024	\$ 360,000	\$ 42,624	\$ 402,624
2025	360,000	31,968	391,968
2026	360,000	21,312	381,312
2027	360,000	10,656	370,656
	<u>\$ 1,440,000</u>	<u>\$ 106,560</u>	<u>\$ 1,546,560</u>

Equipment Installment Loans

The City has entered into several equipment installment loans to finance the purchases of equipment. The purchases were financed at a fixed, simple interest rate. Title to equipment under these installment loans vest with the City. The Obligor retains a security interest constituting a first lien on the equipment.

At September 30, 2023, the City's outstanding installment loan obligations are described as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2023
Governmental Activities:					
Equipment installment loans:					
Dump truck - Cadence	3/12/2019	3/11/2024	3.89%	\$ 36,210	\$ 3,945
Tractor - Cadence	7/27/2022	7/27/2027	3.34%	194,209	151,746
Pump truck - Wells Fargo	7/21/2016	4/21/2026	N/A	557,059	167,118
Ladder truck - Suntrust	2/6/2014	11/1/2023	3.43%	579,947	65,047
Street sweeper - The First Bank	12/6/2018	12/10/2023	4.25%	152,573	5,086
Police Ford F150 - The First Bank	11/20/2019	11/20/2024	3.50%	28,611	6,673
Rescue pumper - REV Financial	7/7/2021	7/7/2030	2.23%	599,980	433,724
(2) Dodge Durangos - People's Bank	2/17/2021	2/19/2026	1.93%	72,364	34,582
(2) Nissan Rogues - The First Bank	8/19/2021	8/19/2026	1.19%	53,211	31,435
(2) Ford F250 - People's Bank	5/6/2021	5/6/2026	1.98%	61,749	32,651
Dump truck - People's Bank	4/22/2021	4/22/2026	1.92%	88,900	47,044
(3) Dodge Durangos - People's Bank	5/5/2022	5/5/2027	2.38%	104,994	76,460
Air-Pak - The First Bank	2/9/2023	2/10/2030	4.45%	245,475	245,475
Excavator - People's Bank	2/16/2022	2/16/2027	1.98%	108,100	75,063
Excavator - People's Bank	5/23/2022	5/23/2027	3.10%	82,044	59,905
Total governmental activities				<u>2,965,426</u>	<u>1,435,954</u>
Business-type Activities:					
Equipment installment loans:					
Dump truck - The First Bank	5/6/2021	5/6/2026	1.89%	93,324	48,217
Total business-type activities				<u>93,324</u>	<u>48,217</u>
Total installment loan obligations				<u>\$ 3,058,750</u>	<u>\$ 1,484,171</u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 7: LONG-TERM LIABILITIES (Continued)

Equipment Installment Loans (continued)

The City’s future principal and interest requirements related to the equipment installment loans are as follows:

Year Ending September 30,	Governmental Activities		Business -Type Activities		Total Requirements
	Principal	Interest	Principal	Interest	
2024	\$ 375,108	\$ 34,395	\$ 17,886	\$ 804	\$ 428,193
2025	303,864	25,526	18,234	426	348,050
2026	284,623	18,989	12,097	89	315,798
2027	163,673	13,443	-	-	177,116
2028	99,799	9,517	-	-	109,316
2029-2033	208,887	9,743	-	-	218,630
	<u>\$ 1,435,954</u>	<u>\$ 111,613</u>	<u>\$ 48,217</u>	<u>\$ 1,319</u>	<u>\$ 1,597,103</u>

Legal Debt Margin

The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the last completed assessment for taxation. In no case shall the total indebtedness exceed 20% of the assessed value of the property.

The City’s legal debt limit for general obligation bond was \$37,395,189 and the legal debt margin was \$28,925,189 at September 30, 2023.

NOTE 8: INTERFUND TRANSACTIONS

Interfund Receivables and Payables

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

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8: INTERFUND TRANSACTIONS (Continued)

Interfund Receivables and Payables (Continued)

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

	Due From Other Funds	Due To Other Funds
General Fund:		
General Fund	\$ 4,724	\$ (4,724)
General Capital Projects Fund	1,353,111	-
Other Non-major Governmental Funds	15,602	(332,128)
Utilities Fund	110,174	(2,570)
Harbor Fund	41,371	-
Total General Fund	1,524,982	(339,422)
General Capital Projects Fund:		
General Fund	-	(1,353,111)
Other Non-major Governmental Funds	32,199	-
Harbor Fund	-	(32,500)
Total General Capital Projects Fund	32,199	(1,385,611)
Other Non-major Governmental Funds:		
General Fund	332,128	(15,602)
General Capital Projects Fund	-	(32,199)
Other Non-major Governmental Funds	132,550	(132,550)
Utilities Fund	249,105	(7,986)
Total Other Non-major Governmental Funds	713,783	(188,337)
Utilities Fund		
General Fund	2,570	(110,174)
Other Non-major Governmental Funds	7,986	(195,825)
Utilities Fund	185,775	(185,775)
Total Utilities Fund	196,331	(491,774)
Harbor Fund		
General Fund	32,500	(41,371)
Utilities Fund	-	(53,280)
Harbor Fund	171,658	(171,658)
Total Harbor Fund	204,158	(266,309)
Total	\$ 2,671,453	\$ (2,671,453)

Interfund Transfers

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

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 8: INTERFUND TRANSACTIONS (Continued)

Interfund Transfers (Continued)

Interfund transfers between funds during the year ended September 30, 2023 consist of the following:

	Transfers In	Transfers Out
General Fund	\$ 975,627	\$ (2,961,716)
General Capital Projects Fund	1,753,112	(13,493)
Other Non-major Governmental Funds	1,561,779	(2,930,665)
Total Governmental Funds	4,290,518	(5,905,874)
Utility Fund	460,374	(627,245)
Harbor Fund	2,769,381	(987,154)
Total Proprietary Funds	3,229,755	(1,614,399)
Total	\$ 7,520,273	\$ (7,520,273)

NOTE 9: EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

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

Plan Description

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

Benefits provided

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable services (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of creditable service below 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Benefits provided (continued)

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter.

Contributions

The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2023, was 17.40% of annual covered payroll through June 30, 2024. Effective July 1, 2024, the rate increased to 17.90% and is scheduled to increase by 0.5% annually on July 1 of each subsequent year through 2029. The City's contributions to PERS for the fiscal years ending September 30, 2023, 2022, and 2021 total \$892,288, \$785,262, and \$747,531, respectively, which equal the required contributions for each year.

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

At September 30, 2023, the City reported a liability of \$17,399,433 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At September 30, 2023, the City's proportion was .069179 percent, which was an increase of .003624 percent from its proportionate share measured as of September 30, 2022 (.065555 percent).

For the year ended September 30, 2023, the City recognized pension expense of \$940,877. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:		
Differences between expected and actual experience	\$ 361,124	\$ -
Changes in assumptions	1,693,499	-
Net difference between projected and actual earnings on pension plan investments	564,283	-
Change in proportionate share	571,763	-
City contributions subsequent to the measurement date	173,631	-
Totals	\$ 3,364,300	\$ -

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-Type Activities		
Differences between expected and actual experience	\$ 74,532	\$ -
Changes in assumptions	349,521	-
Net difference between projected and actual earnings on pension plan investments	116,462	-
Change in proportionate share	118,006	-
City contributions subsequent to the measurement date	35,836	-
Totals	\$ 694,357	\$ -

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$209,467 are recognized as a reduction to the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2024	\$ 1,527,173
2025	939,456
2026	1,377,383
2027	5,178
Total	\$ 3,849,190

Actuarial assumptions

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

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

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Actuarial assumptions (continued)

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

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

Discount rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be phased in to 19.90% over five fiscal years (17.90% for FYE 2025, 18.40% for FYE 2026, 18.90% for FYE 2027, 19.40% for FYE 2028 and 19.90% for FYE 2029 and beyond). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% decrease	6.00%	\$ 22,437,008
Current discount rate	7.00%	\$ 17,399,433
1% increase	8.00%	\$ 13,265,540

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 9: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Pension Plan (continued)

Pension plan fiduciary net position

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

Deferred Compensation Plan

PERS offers the City's employees voluntary participation in a deferred compensation plan 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. Participants self-direct investment of their savings through selections from a group of funds managed by Great West Life and Annuity Insurance Company, a third-party administrator. All plan assets are held in trust by the third-party administrator for the exclusive benefit of the participants and their beneficiaries and not subject to the claims of the City's general creditors.

NOTE 10: DEFICIT FUND BALANCE

At September 30, 2023, the Capital Projects Fund has a fund deficit of \$1,383,160. The fund deficit is caused by the difference in timing between expenses related to capital projects and the reimbursement of grant funds related to these expenditures.

NOTE 11: TAX ABATEMENTS

The Mississippi Code of 1972 Annotated §51-26-1, authorizes a rebate to qualified applicants of new tourism-oriented projects within the State of Mississippi. The Mississippi Tourism Rebate Program allows a portion of the sales tax paid by visitors to the eligible tourism-oriented enterprise project to be paid to the applicant to reimburse the applicant for eligible costs incurred during the construction of the project. Eligible projects must meet the following minimum criteria (1) tourist attraction with a minimum private investment of not less than \$1,000,000 (2) hotels with a minimum private investment of \$40,000,000 (3) public golf courses (4) full service hotel with a minimum private investment of \$15,000,000 (5) a tourism attraction located within an "entertainment district" as defined in Section 17-29-3 or (6) a resort development with a minimum investment of \$100,000,000. The municipality and/or taxing district where the tourism-oriented enterprise will be located must support and approve the facility in the form of a resolution of the governing authority acknowledging support and that 80% of sales tax collected will be diverted to the Sales Tax Rebate Fund for a period of up to ten (10) years and will not be available for standard city diversions. The City approved an eligible hotel development project in 2018, which diverts 80% of related sales taxes to the Sales Tax Rebate Fund. For the year ended September 30, 2023, \$174,790 in sales tax revenue was diverted to the Sales Tax Rebate Fund. A total of \$703,011 has been diverted related to this project.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Litigation

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 12: COMMITMENTS AND CONTINGENCIES (Continue)

Federal Grants

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

Capital Project Commitment

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

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

	Contract Amount	Expended to Date	Remaining Contract
Sunset sewer improvements	\$ 162,823	\$ 103,489	\$ 59,334
Ramoneda sewer improvements	59,640	30,878	28,762
Hurricane Zeta harbor repairs and dredging	276,664	126,889	149,775
Scianna lane drainage	52,075	28,825	23,250
City wide sewer	841,683	4,505	837,178
Hurricane Ida Road	162,750	106,274	56,476
Canal sampling/dredging	75,000	70,798	4,202
ADA improvement study	49,929	12,843	37,086
Pier Bulkhead inspection	34,000	-	34,000
Hwy 603 turning lanes	47,840	10,091	37,749
Fuel dock improvements	276,750	256,550	20,200
City wide sewer cleaning and inspection	1,558,635	147,673	1,410,962
	<u>\$ 3,597,789</u>	<u>\$ 898,815</u>	<u>\$2,698,974</u>

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the City carries commercial insurance coverage for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance in any of the past four fiscal years.

Participation in Public Entity Risk Pools

Worker's Compensation Fund – The City pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2022 to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 13: RISK MANAGEMENT (Continued)

Participation in Public Entity Risk Pools (continued)

Mississippi Municipal Liability Plan – The City, along with other municipalities as a group, purchased insurance to insure against losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The plan provides liability and tort claims insurance for its members up to \$500,000 and \$50,000 per occurrence, respectively. The plan is totally self-insured with claims and expenses paid out of the premiums, and the members are jointly and severally liable for any claims and expenditures beyond the premium base. The possibility of additional liability exists, but that amount if any cannot be determined.

NOTE 14: RELATED PARTY COMMITMENTS

Joint Ventures

The City of Bay St. Louis is a member of the following joint ventures which were established by an act of the Mississippi Legislature (the Act) and operate under MS Code 49-17-701 to provide for adequate wastewater treatment and solid waste disposal services to the citizens of Hancock County, Mississippi.

Hancock County Utility Authority

Hancock County Utility Authority (HCUA) provides wastewater treatment to the sewer collection entities existing in Hancock County that do not have their own treatment facilities. HCUA is considered to be a joint venture of all the participating entities.

The governing body of HCUA is comprised of members appointed by the governing bodies of the participating governments. The participating entities share all of the expenses and debt service of HCUA through an entity sharing agreement. For the year ended September 30, 2023, the City paid the HCUA \$1,235,815 for water treatment services. The following is a synopsis of HCUA's financial statements as of and for the year ended September 30, 2023, a complete copy is on file at the administrative offices of Hancock County Utility Authority which are located at 401 Gulfside Street, Waveland, MS 39576 or may be obtained by calling (228) 467-3702.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 14: RELATED PARTY COMMITMENTS (Continued)

Joint Ventures (continued)

Hancock County Utility Authority (continued)

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

Assets	
Current assets	\$ 1,809,690
Noncurrent assets	95,818,335
Total assets	<u>97,628,025</u>
Deferred outflows related to pensions	242,241
Total assets and deferred outflows of resources	<u>\$ 97,870,266</u>
 Liabilities and Net Position	
Current liabilities	\$ 1,154,783
Noncurrent liabilities	8,279,938
Total liabilities	<u>9,434,721</u>
Total liabilities and deferred inflows related to pensions	<u>9,434,721</u>
Net position	<u>\$ 88,435,545</u>

Statement of Revenue, Expenditures, and Changes in Net Position

Operating revenues	\$ 3,480,957
Depreciation	(7,809,307)
Operating expenses	(2,573,790)
Non-operating revenues (expenses)	2,840,806
Change in net position	<u>\$ (4,061,334)</u>
Beginning net position	92,496,879
Ending net position	<u>\$ 88,435,545</u>

Hancock County Regional Solid Waste Management Authority

The function of Hancock County Regional Solid Waste Management Authority (HCSWMA) is for purposes of solid waste management for the participating units of local government, the Cities of Bay St. Louis, Waveland, Diamondhead, and Hancock County, Mississippi, in fulfilling their obligations to establish, operate and maintain garbage collection and disposal services. HCSWMA is governed by a Board of Commissioners composed of six commissioners appointed by the member units of local government pursuant to the Act. Pursuant to the terms of the agreement with HCSWMA, the City is required to pay monthly costs of operations and maintenance directly associated with solid waste management. For the year ended September 30, 2023, the City paid HCSWMA \$971,406 for costs associated with this contract.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 14: RELATED PARTY COMMITMENTS (Continued)

Joint Ventures (continued)

Hancock County Solid Waste Management Authority (continued)

The following is a synopsis of HCSWMA’s financial statements as of and for the year ended September 30, 2022, the most recent available. A complete copy of the September 30, 2022 financial statements are on file at the administrative offices of Hancock County Regional Solid Waste Management Authority which is located at 854 Highway 90, Bay St. Louis, MS 39520 or may be obtained by calling (228) 549-2052.

**Hancock County Regional Solid Waste Management Authority
Condensed Statement of Net Position**

Assets	
Current assets	\$ 735,464
Total assets	<u>735,464</u>
Total assets	<u>735,464</u>
 Liabilities and Net Position	
Current liabilities	<u>459,558</u>
Total liabilities	<u>459,558</u>
Total liabilities	<u>459,558</u>
Net position	<u><u>\$ 275,906</u></u>

Statement of Revenue, Expenditures, and Changes in Net Position

Operating revenues	\$ 4,099,760
Operating expenses	(4,093,635)
Non-operating revenues (expenses)	<u>497</u>
Change in net position	6,622
Beginning net position	<u>269,284</u>
Ending net position	<u><u>\$ 275,906</u></u>

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

The implementation of a new accounting standard, GASB 101 – Compensated Absences, required the adjustment of compensated absence liability to more appropriately reflect the City’s obligation related to compensated absences for the year ended September 30, 2022. The beginning net positions and beginning fund balances have been restated to reflect the adjustments related to the implementation of this new standard.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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

The effects of the restatement on the statements of net positions and balance sheet – governmental funds are as follows:

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Restatement Increase (Decrease)</u>
<i>Government-wide</i>			
<i>Governmental Activities</i>			
Statement of Net Position			
at September 30, 2022:			
Compensated absences	\$ 270,559	\$ 558,024	\$ 287,465
Governmental activities net position	\$(45,381,163)	\$ (45,093,698)	\$ (287,465)
 <i>Business-type Activities</i>			
Statement of Net Position			
at September 30, 2022:			
Compensated absences	\$ 47,902	\$ 106,030	\$ 58,128
Business-type activities net position	\$(51,967,501)	\$ (51,909,373)	\$ (58,128)
 <i>General Fund</i>			
Balance Sheet			
at September 30, 2022:			
Compensated absences	\$ 23,054	\$ 67,300	\$ 44,246
General fund balance	\$ (5,780,320)	\$ (5,736,074)	\$ (44,246)
 <i>Utility Fund</i>			
Statement of Net Position			
at September 30, 2022:			
Compensated absences	\$ 23,054	\$ 55,586	\$ 32,532
Proprietary net position	\$(32,741,565)	\$ (32,709,033)	\$ (32,532)
 <i>Harbor Fund</i>			
Statement of Net Position			
at September 30, 2022:			
Compensated absences	\$ 24,848	\$ 50,444	\$ 25,596
Proprietary net position	\$(19,225,936)	\$ (19,200,340)	\$ (25,596)

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 16: PRIOR PERIOD ADJUSTMENT

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

Government-wide Financial Statements

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

Government-Wide Financial Statements	
Governmental Activities	
Beginning net position, as previously reported	\$ 45,381,163
Adjustment GASB 101 implementation	(287,465)
Adjustment to correct prior year accrued salaries	(13,463)
Adjustment to correct pension balances related to GASB 68 accruals	51,049
Adjustment to correct long term debt balances	3,630
Adjustment to correct construction in progress balances	46,005
Adjustment to reverse prior period adjustments made at fund level	617,265
Adjustment to correct accounts receivable balances	(1,479,159)
Adjustment to correct prior year accounts payable	(54,995)
Adjustment to correct prior year grant revenues	30,509
Adjustment to correct unearned revenue	(3,403,721)
Adjustment to correct rental deposit balances	8,100
Adjustment to correct prior year tax receivables	11,993
Adjustment to correct deferred inflow of resources	(617,265)
Adjustment to record lease liabilities in accordance with GASB 87	(466)
Beginning net position, as restated	<u>\$ 40,293,180</u>
Business-Type Activities	
Beginning net position, as previously reported	\$ 51,967,501
Adjustment GASB 101 implementation	(58,128)
Adjustment to correct accounts receivable balances	(1,385,392)
Adjustment to correct inventory balance	(9,361)
Adjustment to correct prior year accrued salaries	756
Adjustment to correct construction in progress balances	12,018
Adjustment to correct prior year accounts payable	(164,794)
Beginning net position, as restated	<u>\$ 50,362,600</u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 16: PRIOR PERIOD ADJUSTMENT (Continued)

Fund Financial Statements

Governmental Funds

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

General Fund

Beginning fund balance, as previously reported	\$ 5,780,320
Adjustment GASB 101 implementation	(44,246)
Adjustment to correct prior year accrued salaries	(13,464)
Adjustment to correct prior year accounts payable	(54,995)
Adjustment to correct rental deposit balances	8,100
Adjustment to correct unearned revenue	10,050
Beginning fund balance, as restated	<u><u>\$ 5,685,765</u></u>

Capital Projects Fund

Beginning fund balance, as previously reported	\$ -
Adjustment to correct deferred inflow of resources	(522,267)
Beginning fund balance, as restated	<u><u>\$ (522,267)</u></u>

Other Non-major governmental Funds

Beginning fund balance, as previously reported	\$ 10,037,315
Adjustment to correct accounts receivable balances	(1,479,159)
Adjustment to correct unearned revenue	(3,413,771)
Adjustment to correct deferred inflow of resources	(94,998)
Adjustment to correct prior year grant revenues	30,509
Adjustment to correct prior year tax receivables	11,993
Beginning fund balance, as restated	<u><u>\$ 5,091,889</u></u>

Proprietary Funds

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

Utility Fund

Beginning net position, as previously reported	\$ 32,741,565
Adjustment GASB 101 implementation	(32,532)
Adjustment to correct prior year accrued salaries	(457)
Adjustment to correct construction in progress balances	12,018
Adjustment to correct prior year accounts payable	(66,363)
Beginning net position, as restated	<u><u>\$ 32,654,231</u></u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 16: PRIOR PERIOD ADJUSTMENT (Continued)

Fund Financial Statements (continued)

Proprietary Funds (Continued)

Harbor Fund

Beginning net position, as previously reported	\$ 19,225,936
Adjustment GASB 101 implementation	(25,596)
Adjustment to correct accounts receivable balances	(1,385,392)
Adjustment to correct prior year accrued salaries	1,213
Adjustment to correct inventory balance	(9,361)
Adjustment to correct prior year accounts payable	(98,431)
Beginning net position, as restated	<u>\$ 17,708,369</u>

NOTE 17: SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through January 6, 2026, which is the date the financial statements were available to be issued. The following event was identified:

On June 18, 2024, Mississippi Legislature passed Senate Bill 3231 pertaining to the PERS retirement system. This bill limits the yearly increase of the employer’s contribution rate to 0.50% effective July 1, 2024. Employer contribution rates will be phased in to 18.90% over three fiscal years (17.90% for FYE 2024, 18.40% for FYE 2026, and 18.90% for FYE 2027). The originally projected PERS contribution rates per the latest actuarial report is detailed in Note 9 under “Discount Rate.” The effect of this change cannot be reasonably estimated for financial statement purposes.

On December 2, 2025, the City awarded a contract in the amount of \$1,251,491 for the ADA Boardwalk project.

REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 4,609,924	\$ 4,051,374	\$ 3,973,411	\$ (77,963)
Other Taxes	2,611,320	2,631,554	2,562,549	(69,005)
Licenses and permits	1,072,609	1,321,419	1,354,055	32,636
Intergovernmental revenues	4,992,323	5,643,759	5,334,660	(309,099)
Charges for services	72,000	128,031	131,305	3,274
Fines and forfeitures	134,350	124,664	114,222	(10,442)
Miscellaneous revenues	214,788	45,871	47,308	1,437
Total revenues	<u>13,707,314</u>	<u>13,946,672</u>	<u>13,517,510</u>	<u>(429,162)</u>
EXPENDITURES				
City Council				
Personnel services	239,476	239,476	239,602	(126)
Supplies	2,100	3,200	2,945	255
Contractual Services	249,721	198,371	155,926	42,445
Grants/ Subsidies/ Allocations	187,780	26,400	26,400	-
Capital outlay	5,000	40,000	38,994	1,006
Total City Council	<u>684,077</u>	<u>507,447</u>	<u>463,867</u>	<u>43,580</u>
Administration				
Personnel services	606,723	606,723	592,548	14,175
Supplies	14,000	17,000	16,213	787
Contractual Services	844,005	1,012,177	963,706	48,471
Capital outlay	45,000	45,806	17,461	28,345
Total administration	<u>1,509,728</u>	<u>1,681,706</u>	<u>1,589,928</u>	<u>91,778</u>
Police department				
Personnel services	2,301,129	2,259,129	2,258,097	1,032
Supplies	104,000	214,000	141,478	72,522
Contractual Services	126,900	257,465	217,712	39,753
Capital outlay	4,245,000	4,620,404	3,937,971	682,433
Total police department	<u>6,777,029</u>	<u>7,350,998</u>	<u>6,555,258</u>	<u>795,740</u>
Fire department				
Personnel services	1,597,685	1,565,076	1,555,611	9,465
Supplies	21,645	27,546	24,018	3,528
Contractual Services	119,100	231,990	192,881	39,109
Capital outlay	265,000	282,600	248,215	34,385
Total fire department	<u>2,003,430</u>	<u>2,107,212</u>	<u>2,020,725</u>	<u>86,487</u>
Court department				
Personnel services	189,846	194,846	190,215	4,631
Supplies	4,750	4,750	3,852	898
Contractual Services	112,039	112,039	88,054	23,985
Capital outlay	20,000	15,000	14,257	743
Total court department	<u>326,635</u>	<u>326,635</u>	<u>296,378</u>	<u>30,257</u>
Building department				
Supplies	-	19,000	6,642	12,358
Contractual Services	-	198,001	195,065	2,936
Capital outlay	-	13,000	35,217	(22,217)
Total Building department	<u>-</u>	<u>230,001</u>	<u>236,924</u>	<u>(6,923)</u>
Streets and public works department				
Personnel services	1,266,514	1,038,488	970,526	67,962
Supplies	524,000	185,500	143,678	41,822
Contractual Services	863,124	1,156,550	988,990	167,560
Capital outlay	718,000	660,000	52,755	607,245
Total inspections department	<u>3,371,638</u>	<u>3,040,538</u>	<u>2,155,949</u>	<u>884,589</u>

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES, Continued				
Permitting Department				
Personnel services	376,489	380,989	364,344	16,645
Supplies	9,450	11,922	10,567	1,355
Other services and charges	22,554	22,514	17,008	5,506
Capital outlay	75,000	74,194	1,625	72,569
Total permitting department	<u>483,493</u>	<u>489,619</u>	<u>393,544</u>	<u>96,075</u>
Parks and recreation				
Personnel services	171,500	80,212	67,426	12,786
Supplies	8,000	48,000	39,516	8,484
Other services and charges	40,100	37,500	28,762	8,738
Capital outlay	47,000	115,000	67,785	47,215
Total parks and recreation	<u>266,600</u>	<u>280,712</u>	<u>203,489</u>	<u>77,223</u>
Total expenditures	<u>15,422,630</u>	<u>16,014,868</u>	<u>13,916,062</u>	<u>1,631,728</u>
Deficiency of revenues over expenditures	<u>(1,715,316)</u>	<u>(2,068,196)</u>	<u>(398,552)</u>	<u>(2,060,890)</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	28,000	27,097	(903)
Sale of assets	-	58,000	57,123	(877)
Transfers out	(1,490,963)	(2,315,742)	(1,159,508)	1,156,234
Transfers in	3,585,000	4,315,973	1,195,534	(3,120,439)
Total other financing sources (uses)	<u>2,094,037</u>	<u>2,086,231</u>	<u>120,246</u>	<u>(1,965,985)</u>
Net change in fund balance	378,721	18,035	(278,306)	<u>\$ (4,026,875)</u>
Fund balance-beginning, budget basis	-	1,403,781	3,068,712	
Fund balance-ending, budget basis	<u>\$ 378,721</u>	<u>\$ 1,421,816</u>	\$ 2,790,406	
Reconciliation to GAAP basis:				
Cumulative difference between GAAP basis fund balance and budget basis at beginning of the year:			2,544,658	
Change in receivables			(2,187,503)	
Change in prepaid expenses			51,430	
Change in accounts payable and accrued liabilities			1,014,729	
Change in unearned revenue			1,800	
Change in deferred inflow of resources			<u>181,422</u>	
Fund balance-ending, GAAP basis			<u>\$ 4,396,942</u>	

CITY OF BAY ST. LOUIS, MISSISSIPPI
 SCHEDULE OF CITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
 LAST NINE FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.069%	0.066%	0.065%	0.062%	0.061%	0.060%	0.060%	0.061%	0.064%
City's proportionate share of the net pension liability	\$ 17,399,433	\$ 13,543,603	\$ 9,550,234	\$ 11,910,331	\$ 10,731,103	\$ 9,979,782	\$ 9,974,036	\$ 10,896,124	\$ 9,893,138
City's covered employee payroll	\$ 5,113,650	\$ 4,513,000	\$ 4,296,155	\$ 4,525,949	\$ 4,429,013	\$ 3,989,181	\$ 3,859,956	\$ 3,927,149	\$ 3,949,302
City's proportionate share of the net pension liability as a percentage of covered employee payroll	340.25%	300.10%	222.30%	263.16%	242.29%	250.17%	258.40%	277.46%	250.50%
Plan fiduciary net position as a percentage of total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
 SCHEDULE OF CITY'S CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
 LAST NINE FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 892,288	\$ 785,262	\$ 747,531	\$ 787,515	\$ 770,648	\$ 694,117	\$ 666,412	\$ 683,324	\$ 687,179
Contributions in relation to contractually required contribution	892,288	785,262	747,531	787,515	770,648	694,117	666,412	683,324	687,179
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 5,113,650	\$ 4,513,000	\$ 4,296,155	\$ 4,525,949	\$ 4,429,013	\$ 3,989,181	\$ 3,829,956	\$ 3,927,149	\$ 3,949,302
Contributions as a percentage of covered employee payroll	17.45%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%	17.40%

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

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

CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2023

NOTE 1: CHANGES IN ASSUMPTIONS

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

- 2021
 - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of 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 PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
 - The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 2.75% to 2.40%.
 - The wage inflation assumption was reduced from 3.00% to 2.65%.
 - The investment rate of return assumption was changed from 7.75% to 7.55%.
 - The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
 - The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2023

NOTE 1: CHANGES IN ASSUMPTIONS (Continued)

- 2019
 - The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The expectation of disabled mortality was 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 female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
 - The price inflation assumption was reduced from 3.00% to 2.75%.
 - The wage inflation assumption was reduced from 3.25% to 3.00%.
 - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- 2017
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
 - The wage inflation assumption was reduced from 3.75% to 3.25%.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
 - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
 - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
 - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
SEPTEMBER 30, 2023

NOTE 2: CHANGES IN BENEFIT PROVISIONS

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2023 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	26.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

CITY OF BAY ST. LOUIS, MISSISSIPPI
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023

	Debt Service			Capital Projects			Special Revenue		
	Debt Service Fund	2020 GO Bond Fund	2016 Debt Service R&B Fund	2022 Neg Note	Construction Fund	Municipal Reserve Fund	Cap X Fund	Fire Quarter Mill Fund	ARPA Fund
ASSETS									
Cash and cash equivalents	\$ 328,968	\$ -	\$ -	\$ -	\$ -	\$ 786,342	\$ -	\$ 63,139	\$ -
Restricted assets:									
Cash and cash equivalents	-	9,680	102,426	2,350	461,533	-	-	-	-
Due from other governments	-	252,236	114,769	-	29,295	-	-	-	-
Due from other funds	28,294	-	-	53,280	-	167,531	250,000	35,935	-
Prepaid expenses	-	55,126	-	-	-	-	-	-	-
Total assets	\$ 357,262	\$ 317,042	\$ 217,195	\$ 55,630	\$ 490,828	\$ 953,873	\$ 250,000	\$ 99,074	\$ -
LIABILITIES									
Accounts payable and accrued liabilities	-	-	-	-	40,500	-	-	9,319	-
Due to other funds	-	4,401	2,809	-	-	78,978	-	-	-
Total liabilities	-	4,401	2,809	-	40,500	78,978	-	9,319	-
DEFERRED INFLOWS OF RESOURCES									
Property taxes for a future reporting period	-	234,722	105,348	-	-	-	-	-	-
Total deferred inflows of resources	-	234,722	105,348	-	-	-	-	-	-
FUND BALANCES									
Nonspendable	-	55,126	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-
Restricted	-	9,680	102,426	2,350	-	-	-	-	-
Debt service	-	-	-	-	450,328	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Debt service	357,262	13,113	6,612	53,280	-	-	-	-	-
Other	-	-	-	-	-	874,895	250,000	89,755	-
Total fund balances	357,262	77,919	109,038	55,630	450,328	874,895	250,000	89,755	-
Total liabilities, deferred inflows of resources and fund balances	\$ 357,262	\$ 317,042	\$ 217,195	\$ 55,630	\$ 490,828	\$ 953,873	\$ 250,000	\$ 99,074	\$ -

CITY OF BAY ST. LOUIS, MISSISSIPPI
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS (Continued)
 SEPTEMBER 30, 2023

	Special Revenue						Total Non-Major Governmental Funds
	Narcotics Task Force	Fire Insurance Rebate Fund	Federal Grants Fund	Modernization Use Tax	Department of Justice Fund	County Road & Bridge Fund	
ASSETS							
Cash and cash equivalents	\$ 5,649	\$ 21,089	\$ 329,456	\$ 574,954	\$ -	\$ -	\$ 2,109,577
Restricted assets:							
Cash and cash equivalents	-	-	-	-	44,635	700,131	1,320,755
Due from other governments	-	-	-	14,558	-	2,982	587,854
Due from other funds	-	59,981	-	95,799	22,147	816	713,783
Prepaid expenses	-	-	-	-	-	-	55,126
Total assets	\$ 5,649	\$ 81,070	\$ 329,456	\$ 685,291	\$ 66,782	\$ 705,929	\$ 4,787,095
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 3,710	\$ 2,425	\$ 9,037	\$ -	\$ 2,388	\$ 67,379
Due to other funds	-	35,935	19,911	8,192	-	35,734	188,337
Total liabilities	-	39,645	22,336	17,229	-	38,122	255,716
DEFERRED INFLOWS OF RESOURCES							
Property taxes for a future reporting period	-	-	-	-	-	-	511,953
Unavailable revenues - grants	-	-	-	14,558	-	-	14,558
Total deferred inflows of resources	-	-	-	14,558	-	-	171,883
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	55,126
Prepays	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	114,456
Debt service	-	-	-	-	-	-	1,150,459
Capital improvements	-	-	-	-	-	700,131	44,635
Other	-	-	-	-	44,635	-	-
Committed	-	-	-	-	-	-	430,267
Debt service	-	-	-	-	-	-	(246)
Other	5,649	41,425	307,120	653,504	22,147	(34,324)	2,209,925
Total fund balances (deficit)	5,649	41,425	307,120	653,504	66,782	665,807	4,004,868
Total liabilities, deferred inflows of resources and fund balances	\$ 5,649	\$ 81,070	\$ 329,456	\$ 685,291	\$ 66,782	\$ 705,929	\$ 4,787,095

See independent auditor's report.

CITY OF BAY ST. LOUIS, MISSISSIPPI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Debt Service		Capital Projects		Special Revenue			
	2020 GO Bond Fund	2016 Debt Service R&B Fund	2022 Neg Note	2020 GO Bond Construction Fund	Municipal Reserve Fund	Cap X Fund	Fire Quarter Mill Fund	ARPA Fund
REVENUES								
Property taxes	-	\$ 211,360	\$ -	-	-	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-	-	-	-	-
Road and bridge taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	145,266	61,025	250,000	-	-
Investment earnings	742	157	350	624	2,385	-	-	-
Total revenues	742	211,517	350	145,890	63,410	250,000	-	-
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	39,898	-
Capital outlay:								
Public safety	-	-	-	-	-	-	700	-
Public works	-	-	-	107,467	-	-	-	-
Culture and recreation	-	-	-	8,000	-	-	-	-
Debt service:								
Principal retirement	421,852	175,000	-	-	-	-	-	-
Interest and agent fees	-	77,826	-	-	-	-	-	-
Total expenditures	421,852	252,826	-	115,467	-	-	40,598	-
Excess (deficiency) of revenues over expenditures	(421,110)	(41,309)	350	30,423	63,410	250,000	(40,598)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	381,122	-	713,280	-	237,024	-	130,353	-
Transfers out	-	-	(658,000)	-	(1,810,829)	-	-	(36,421)
Total other financing sources and (uses)	381,122	-	55,280	-	(1,573,805)	-	130,353	(36,421)
Net change in fund balances	(39,988)	(41,309)	55,630	30,423	(1,510,395)	250,000	89,755	(36,421)
Fund balances - beginning, as previously reported	397,250	150,347	-	484,394	2,385,289	-	-	3,450,192
Prior period adjustments	-	-	-	(64,489)	-	-	-	(3,413,771)
Fund balances - beginning, as restated	397,250	150,347	-	419,905	2,385,289	-	-	36,421
Fund balances - ending	357,262	109,038	55,630	450,328	874,894	250,000	89,755	\$ -

CITY OF BAY ST. LOUIS, MISSISSIPPI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue						Total Non-Major Governmental Funds
	Narcotics Task Force	Fire Insurance Rebate Fund	Federal Grants Fund	Modernization Use Tax	Department of Justice Fund	County Road & Bridge Fund	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,141	\$ 971,110
Sales and use taxes	-	-	-	512,658	-	-	512,658
Road and bridge taxes	-	-	-	-	-	179,407	179,407
Intergovernmental	-	59,981	-	-	22,147	-	538,419
Investment earnings	9	209	-	907	110	845	6,487
Total revenues	9	60,190	-	513,565	22,257	381,393	2,208,081
EXPENDITURES							
General government	-	-	7,314	-	-	-	173,742
Public safety	-	3,710	-	-	-	-	43,608
Capital outlay	-	-	-	-	-	-	-
Public safety	-	-	-	-	37,347	-	38,047
Public works	-	-	95,079	276,472	-	60,497	539,515
Culture and recreation	-	-	-	-	-	-	8,000
Debt service:							
Principal retirement	-	-	-	-	-	-	881,852
Interest and agent fees	-	-	-	-	-	-	241,453
Total expenditures	-	3,710	102,393	276,472	37,347	60,497	1,926,217
Excess (deficiency) of revenues over expenditures	9	56,480	(102,393)	237,093	(15,090)	320,896	281,864
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	1,561,779
Transfers out	-	(138,706)	(16,709)	(100,000)	-	(170,000)	(2,930,665)
Total other financing sources and (uses)	-	(138,706)	(16,709)	(100,000)	-	(170,000)	(1,568,886)
Net change in fund balances	9	(82,226)	(119,102)	137,093	(15,090)	150,896	(1,087,022)
Fund balances - beginning, as previously reported	5,640	123,651	1,897,442	516,411	81,872	510,857	10,037,315
Prior period adjustments	-	-	(1,471,220)	-	-	4,054	(4,945,426)
Fund balances - beginning, as restated	5,640	123,651	426,222	516,411	81,872	514,911	5,091,889
Fund balances (deficit) - ending	5,649	41,425	307,120	653,504	66,782	665,807	4,004,867

See independent auditor's report

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
SEPTEMBER 30, 2023**

Position	Surety Company	Bond Amount
Mayor	Liberty Mutual	\$100,000
Alderspersons (6)	Liberty Mutual	\$100,000
Aldersperson	CNA	\$100,000
Clerk of Council	Liberty Mutual	\$50,000
City Clerk	Liberty Mutual	\$100,000
Police Chief	Liberty Mutual	\$50,000
Assistant Police Chief	Liberty Mutual	\$50,000
Court Clerk	CNA	\$50,000
Deputy City Clerk	Liberty Mutual	\$100,000
Finance Clerks (3)	Liberty Mutual	\$50,000
Clerical	Liberty Mutual	\$50,000
Zoning Administrator	Liberty Mutual	\$50,000
Utility Admin Supervisor	Liberty Mutual	\$50,000
Harbormaster	Liberty Mutual	\$50,000
Deputy Harbormaster	Hartford Insurance	\$50,000
Property Custodian	Liberty Mutual	\$50,000
Public Employee Blanket	Bayside	\$50,000

See independent auditor's report.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

January 6, 2026

Honorable Mayor and Members of the
City Council
City of Bay St. Louis
Bay St. Louis, Mississippi

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay St. Louis, Mississippi as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Bay St. Louis, Mississippi's basic financial statements and have issued our report thereon dated January 6, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

To the City Council
City of Bay St. Louis
Bay St. Louis, Mississippi

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Bay St. Louis, Mississippi's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, and 2023-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bay St. Louis, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, and 2023-004.

City of Bay St. Louis, Mississippi's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Bay St. Louis's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. City of Bay St. Louis, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bay St. Louis, Mississippi's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bay St. Louis, Mississippi's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Certified Public Accountants

Gulfport, Mississippi



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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

January 6, 2026

Honorable Mayor and Members of the
City Council
City of Bay St. Louis
Bay St. Louis, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Bay St. Louis, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bay St. Louis, Mississippi's major federal programs for the year ended September 30, 2023. The City of Bay St. Louis, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bay St. Louis, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bay St. Louis, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the City Council
City of Bay St. Louis
Bay St. Louis, Mississippi

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bay St. Louis, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bay St. Louis, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002, 2023-003, and 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

The City of Bay St. Louis, Mississippi's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Bay St. Louis's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Bay St. Louis, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bay St. Louis, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bay St. Louis, Mississippi's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be a material weakness.

To the City Council
City of Bay St. Louis
Bay St. Louis, Mississippi

The City of Bay St. Louis, Mississippi's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City of Bay St. Louis, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Grantor Federal Agency Passed - Through Agency Program Title	ALN Number	Grant No./ Pass-Through Grantor No.	Federal Expenditures
US DEPARTMENT OF INTERIOR			
Fish and Wildlife Cluster			
<i>Passed through the State of Mississippi Department of Environmental Quality</i>			
Boater Access Grant	15.605	F22AF01059-00	\$ 82,125
Total Fish and Wildlife Cluster			<u>82,125</u>
<i>Passed through the State of Mississippi Department of Marine Resources</i>			
Boating Infrastructure Grant	15.622	MS-Y-F18AP00531-04	100,009
Total US Department of Interior			<u><u>182,134</u></u>
US DEPARTMENT OF JUSTICE			
Federal Equitable Sharing	16.922	64-6000139	22,147
<i>Passed through Mississippi Office of Highway Safety</i>			
Alcohol Open Container Requirements	20.607	154AL-2023-ST-20-20	5,239
Highway Safety Cluster			
<i>Passed through Mississippi Office of Highway Safety</i>			
State and Community Highway Safety	20.600	PT-2023-PT-20-21	18,211
Total Highway Safety Cluster			<u>18,211</u>
Total US Department of Justice			<u><u>45,597</u></u>
US DEPARTMENT OF TRANSPORTATION			
<i>Passed through Mississippi Department of Transportation</i>			
ADA Improvement Study	20.205	64-6000139	14,558
<i>Passed through Southern Rail Commission</i>			
Railroad Development	20.314	64-6000139	13,596
Total US Department of Transportation			<u><u>28,154</u></u>
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Mississippi Development Authority</i>			
CDBG	14.228	64-6000139	50,268
Total US Department of Housing and Urban Development			<u><u>50,268</u></u>
GULF COAST ECOSYSTEM RESTORATION COUNCIL			
<i>Passed through the State of Mississippi Department of Environmental Quality</i>			
Gulf Coast Ecosystem Restoration Council	81.052	21-00192	30,878
Total Gulf Coast Ecosystem Restoration Council			<u><u>30,878</u></u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Grantor Federal Agency Passed - Through Agency Program Title	ALN Number	Grant No./ Pass-Through Grantor No.	Federal Expenditures
US DEPARTMENT OF TREASURY			
<i>Passed through the State of Mississippi</i>			
<i>Department of Environmental Quality</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	64-6000139	287,650
Total US Department of Treasury			<u><u>287,650</u></u>
US DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Mississippi Emergency Management Agency</i>			
FEMA 3544 - Hurricane Sally			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW 8	3,853
FEMA 4576 - Hurricane Zeta			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW 476	659,098
FEMA 4626 - Hurricane Ida			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW 180	95,647
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036	PW 199	81,877
Total US Department of Homeland Security			<u><u>840,475</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,465,156</u></u>

**CITY OF BAY ST. LOUIS, MISSISSIPPI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – DE MINIMIS COST RATE

The City of Bay St. Louis, Mississippi has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Bay St. Louis, Mississippi under programs of the federal government for the year ended September 30, 2023 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bay St. Louis, Mississippi.

NOTE 4 – RECONCILIATION OF GRANT REVENUE

The following reconciles the total expenditures of federal awards to grant revenue recognized in the statement of activities for the year ended September 30, 2023:

Governmental Activities	
General government - operating grants and contributions	\$ 8,189
General government - capital grants and contributions	457,016
Public safety - operating grants and contributions	45,597
Public safety - capital grants and contributions	2,434,173
Business-type Activities	
Utility fund - capital grants and contributions	796,135
Harbor fund - capital grants and contributions	1,141,618
	4,882,728
Less: state grants and other aid	(2,939,965)
Less: county aid	(477,607)
Total expenditures of federal awards	\$ 1,465,156

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Federal programs identified as major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program</u>
21.027	<i>Coronavirus State and Local Fiscal Recovery Funds</i>
97.036	<i>Disaster Grants – Presidentially Declared Disasters</i>

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Section II – Financial Statement Findings

2023-001 – Material Weakness

Criteria

Mississippi Code 21-35-11 requires municipalities to open and keep a regular set of records for each and every fund of the municipality, subject to inspection by any citizen.

Condition

The City did not reconcile a substantial number of general ledger balances to support and supporting schedules, including customer deposits, bond deposits, court liabilities, grant receivables, unearned revenues, construction in progress, and accounts payable.

Cause

There were no procedures in place that provided for the routine reconciliation and review of general ledger balances throughout the year or at year end.

Effect

The financial statements were materially misstated at the beginning and end of the audit period, prior to corrections to the prior and current audit periods. Failure to implement effective processes and procedures could increase the risks of fraud, violation of appropriation laws, noncompliance with grant funding agreements, and mismanagement of funds.

Recommendation

Management should review and reconcile all balances and supporting schedules to the general ledger monthly and at the end of the year prior to audit testing procedures.

Response

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Section III – Federal Award Findings

2023-002 – Significant Deficiency

Identification of the Federal Program

Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Funds, United States Department of Treasury, *Pass-Through Entity*: Mississippi Department of Environmental Quality.

Criteria

Uniform Guidance compliance requirement for allowable cost/cost principles states for costs to be allowable under federal awards they must not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or prior period.

Condition

Invoices were submitted for reimbursement under two federally financed programs.

Cause

Management was aware amounts could not be submitted for reimbursement under two separate programs but followed inaccurate advice of an external party.

Effect

Potential material noncompliance with federal award compliance requirements.

Questioned Costs

There are no questioned costs associated with the finding. There were sufficient additional project expenditures that were eligible for submission for reimbursement under the federal program.

Context

Management was provided incorrect guidance by contracted engineer assigned to oversee state federal award program.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend the City implement regular training for grant managers and financial staff on federal award requirements. Training should include principles of allowability of costs under federal awards, the importance of ensuring each expense is only reimbursed once, and processes for reviewing and reconciling expenses across multiple federal awards to prevent overlap or duplicate reimbursement requests.

View of Responsible Officials and Planned Corrective Actions

The City understands the need for this finding, however, the City was instructed by Horne (The State's Grant Administrator for the MCWI Grant) to upload all receipts into their online portal. They did not provide a way on the website to differentiate invoices. The City knows it cannot submit receipts for reimbursement from two Federal grants, but this is what the Grant Administrator for the State of Mississippi instructed city staff to do in order to receive the reimbursement from the MCWI Grant.

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2023-003 – Significant Deficiency

Identification of the Federal Program

Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Funds, United States Department of Treasury, *Pass-Through Entity*: Mississippi Department of Environmental Quality. Assistance Listing Number 97.036 – Disaster Grants – Presidentially Declared Disasters, United States Department of Homeland Security, *Pass-Through Entity*: Mississippi Emergency Management Agency.

Criteria

Uniform Guidance requirements state that recipients must verify that a proposed contractor does not appear on the federal government’s Excluded Parties List prior to executing an agreement or contract with that entity.

Condition

Debarment and suspension status was not verified prior to contracting with vendor, in accordance with compliance requirements.

Cause

The City did not include federal suspension and debarment wording in contracts in accordance with their documented policies.

Effect

Potential material noncompliance with federal award compliance requirements.

Questioned Costs

There are no questioned costs associated with the finding.

Context

The City has established a procedure for including federal language in all contracts. This procedure was established subsequent to entering into the identified contracts. Subsequent inquiry determined the contractors were not suspended or debarred.

Repeat Finding

This is not a repeat finding.

Recommendation

The City should expand its current internal control procedures they have in place for its procurement process to include consideration of federal funding requirements.

View of Responsible Officials and Planned Corrective Actions

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

**CITY OF BAY ST. LOUIS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

2023-004 – Significant Deficiency

Condition

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

Criteria

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

Cause

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

Effect

The City risks losing federal award funding.

Questioned Costs

There are no questioned costs associated with the finding.

Context

Issuance of prior year audit was delayed and contained material misstatements which caused delay in beginning current year audit and additional current year audit procedures.

Repeat Finding

This is not a repeat finding.

Recommendation

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

View of Responsible Officials and Planned Corrective Actions

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



**CORRECTIVE ACTION PLAN
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
SINGLE AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023**

2023-001 – Material Weakness Financial Statement Finding

The financial statements were materially misstated at the beginning and end of the audit period prior to corrections to the current and prior audit period.

Management Comments and Corrective Action Plan

- The FY22 audit firm had faulted the city for not recognizing the full value of FEMA obligated projects as revenue, even though we had not spent the full obligated amount during the FY22 audit. They requested strongly that they should make an AJE to correct this misstatement. We advised that we did not believe we should, however, they disagreed with us. They then adjusted the financials for those amounts and recognized revenue for the FEMA obligated amounts in the FY22 audit. The FY23 auditors, (AVL), have recommended reversing the entries requested by the prior audit firm. Those reversals have been completed.

Completion Date: 12/1/2025

Name of Contact Person Responsible for Corrective Action Plan: Sissy Gonzales

2023-002 – Significant Deficiency Federal Award Finding

Management submitted invoices for and received reimbursement under two federal programs.

Management Comments and Corrective Action Plan

- The City will continue to work with the grant administrator who is managing the grant for the funding agency. The Administration will only submit invoices once for reimbursement and identify which invoices are local funding versus grant funding to avoid this in the future.

Completion Date: Pending

Name of Contact Person Responsible for Corrective Action Plan: Kim Fore

2023-003 – Significant Deficiency Federal Award Finding

Debarment and suspension status was not verified prior to contracting with a vendor, in accordance with program requirements.

Management Comments and Corrective Action Plan

- The City will create a check-list of required documentation for Federal Grants to ensure all requirements are met. The Administration has already required added language in the contract that has the required language so the contractor can sign for this requirement.

Completion Date: Pending

Name of Contact Person Responsible for Corrective Action Plan: Kim Fore

**CORRECTIVE ACTION PLAN
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)
SINGLE AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023**

2023-004 – Significant Deficiency Federal Award Finding

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

Management Comments and Corrective Action Plan

- The City will continue to work with the auditing firm to make sure audits are completed by required deadlines. This includes providing requested information to the auditing firm in a timely manner.

Completion Date: Pending

Name of Contact Person Responsible for Corrective Action Plan: Sissy Gonzales



**CITY OF BAY ST. LOUIS, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FINDING 2022-01: Reconciliation of Account Balances

Condition: In order to show a proper allocation between governmental and business-type activities (a basic requirement of governmental accounting) over \$1,400,000 in adjusting journal entries were recorded as interfund loans and transfers. Instances of improper allocation between governmental and business-type activities were reported in the management comments letter with the 2021 audit.

Recommendation: The City's account balances should be reconciled prior to delivery to the auditors.

Current Status: This finding was corrected and resolved by the Administrator. It is not a repeat finding.



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

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

January 6, 2026

Honorable Mayor and Members of the
 City Council
 City of Bay St. Louis, Mississippi
 Bay St. Louis, Mississippi

We have audited the basic financial statements of the City of Bay St. Louis, Mississippi, as of and for the year ended September 30, 2023 and have issued our report dated January 6, 2026. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the basic financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding: Mississippi Codes 21-33-47 and 21-35-5 require the publication of the municipal budget and tax levy resolution. The City was unable to provide supporting documentation of this publication to evidence compliance with state law.

Recommendation: We recommend the City establish a protocol for retaining documentation to support compliance with statutory requirements.

Response: The Administration is confident that all required publications were made for the municipal budget and tax levy resolution; however, the Administration is not able to provide proof of publication (a copy of the advertisement). The Administration has already started attaching copies of the advertisements to the agenda items in the minutes and agenda software for this and other council actions that require publication. This way the proof of advertisement is always part of permanent minutes of the council with the agenda item. The Council Clerk is responsible for this process.

This report is intended solely for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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

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

Certified Public Accountants

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