

**CITY OF LONG BEACH, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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# CITY OF LONG BEACH, MISSISSIPPI

## LISTING OF CITY OFFICIALS

September 30, 2022

(UNAUDITED)

### CITY OFFICIALS

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Mayor	George L. Bass
Alderman at Large	Donald Frazer
Alderman Ward #1	Patrick Bennett
Alderman Ward #2	Bernie Parker
Alderman Ward #3	Angie Johnson
Alderman Ward #4	Timothy McCaffrey, Jr.
Alderman Ward #5	Mike Brown
Alderman Ward #6	Pete L. McGoey
City Clerk	Stacey Dahl
Finance Officer/Deputy City Clerk	Kini Gonsoulin

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**Wolfe • McDuff & Oppie**  
CERTIFIED PUBLIC ACCOUNTANTS  
(A Professional Association)

Michelle Oppie Gist, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Board of Aldermen  
City of Long Beach, Mississippi

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Long Beach, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Long Beach, 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.

#### *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 Long Beach, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants  
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



America Counts on CPAs

## Independent Auditor's Report

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Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Long Beach, 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 Long Beach, 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 other postemployment employee benefit schedules on pages 11 - 21, 83 - 85, and 86 - 89 be presented to supplement the basic financial statements. Such information, 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 Long Beach, Mississippi's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Independent Auditor's Report**  
**Page 3**

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section 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.

The introductory section and Schedule of Surety Bonds for City Officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of the City of Long Beach, 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 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 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 Long Beach, Mississippi's internal control over financial reporting and compliance.

*Walfe, McDuff + Spä*

Pascagoula, Mississippi  
June 28, 2023

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

This Discussion and Analysis of the City of Long Beach, Mississippi's (the "City") financial performance provides an overall review of the City's financial activities for the year ended September 30, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets and deferred outflows of resources of the City exceeded its liabilities and its deferred inflows of resources at the close of the current year by approximately \$80,198,248 (net position). Of this amount, approximately \$32,422,639 and \$47,775,609 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (which may be used to meet the government's ongoing obligations to citizens and creditors) was approximately \$(9,925,298) (a deficit) for its governmental activities and approximately \$13,770,557 for its business-type activities.
- ◆ The government's total net position decreased by approximately \$(543,404) for governmental activities and decreased by approximately \$(354,718) for business-type activities compared to the prior net position.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$1,651,883, a decrease of approximately \$(496,202) from the prior year's fund balance.
- ◆ The City's General Fund reported total fund balance of approximately 908,656. Approximately \$367,358 of this total amount, or approximately 40%, is available for spending at the government's discretion (unassigned fund balance). The unassigned fund balance for the General Fund was approximately 2% of total General Fund expenditures for the year ended September 30, 2022.
- ◆ The City's governmental activities capital assets increased by approximately (2.59)% (\$1,051,375) during the current fiscal year due to depreciation expense of \$1,442,395 and disposals of approximately \$1,099,632, partially offset by capital asset additions of approximately \$3,593,402. The City's business-type activities capital assets decreased by approximately 3% (\$1,151,063) during the current year primarily due to capital asset additions of approximately \$608,171, partially offset by depreciation expense of approximately \$1,759,234.
- ◆ The governments's total debt (including general and special obligations) increased approximately \$5,913,670 ((54)%) during the current year primarily due an increases in the net pension liability.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

***Government-wide Financial Statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The *statement of net position* presents information on all the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

Both of the government-wide financial statements outline functions of the City that are principally supported by intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government operations, public safety, public works, culture and recreation, and debt service interest. The City's proprietary funds include Water/Sewer Fund and Port and Harbor Fund.

The City has no component units.

The government-wide financial statements can be found immediately following this discussion and analysis.

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements can be found as listed in the table of contents.

***Governmental Funds***

Governmental funds are used to account for essentially the same activities reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of financial resources and the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may be able to better understand the long-term impact of near-term financing decisions. Reconciliations from the governmental fund statements to the government-wide statements are provided to aid in the comparison.

The City maintains one major governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Information for the other governmental funds is combined into a single, aggregated column.

**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

The City adopts annual appropriated budgets for its general fund. Budgetary comparison schedules are provided to demonstrate compliance with budgetary requirements. These schedules can be found in the required supplementary information section of this report as listed in the table of contents.

***Proprietary Funds***

The City maintains one type of proprietary funds. They are the enterprise funds. Enterprise funds are included in business-type activities since they serve the entire community. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City has two enterprise funds. All the enterprise funds, the Water/Sewer Fund and Port and Harbor Fund are considered major funds and are reported individually throughout the report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund, which is maintained as an agency fund, with no attempt to create ongoing fund balances.

***Notes to the Financial Statements***

The notes provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found on pages 49 through 80 of this report.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process and net pension and OPEB liability information. This required supplementary information can be found on pages 83 through 93 of this report.

**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position for September 30, 2022 as compared to September 30, 2021:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$14,637,305	14,325,239	16,182,650	14,940,942	30,819,955	29,266,181
Capital assets	<u>41,671,529</u>	<u>40,620,154</u>	<u>33,732,964</u>	<u>34,884,027</u>	<u>75,404,493</u>	<u>75,504,181</u>
<b>Total assets</b>	<u>56,308,834</u>	<u>54,945,393</u>	<u>49,915,614</u>	<u>49,824,969</u>	<u>106,224,448</u>	<u>104,770,362</u>
<b>Deferred outflow of resources</b>	<u>3,073,724</u>	<u>1,163,121</u>	<u>132,586</u>	<u>58,321</u>	<u>3,206,310</u>	<u>1,221,442</u>
Long-term liabilities	16,244,546	10,475,674	708,131	540,501	16,952,677	11,016,175
Other liabilities	<u>3,651,714</u>	<u>2,843,209</u>	<u>879,480</u>	<u>1,062,980</u>	<u>4,531,194</u>	<u>3,906,189</u>
<b>Total liabilities</b>	<u>19,896,260</u>	<u>13,318,883</u>	<u>1,587,611</u>	<u>1,603,481</u>	<u>21,483,871</u>	<u>14,922,364</u>
<b>Deferred inflow of resources</b>	<u>7,063,659</u>	<u>9,807,988</u>	<u>684,980</u>	<u>149,482</u>	<u>7,748,639</u>	<u>9,957,470</u>
Net position:						
Invested in capital assets, net of related debt	41,556,131	40,345,190	33,723,783	34,856,898	75,279,914	75,202,088
Restricted	791,806	688,633	281,269	281,269	1,073,075	969,902
Unrestricted	<u>(9,925,298)</u>	<u>(8,052,180)</u>	<u>13,770,557</u>	<u>12,992,160</u>	<u>3,845,259</u>	<u>4,939,980</u>
<b>Total net position</b>	<u>\$32,422,639</u>	<u>32,981,643</u>	<u>47,775,609</u>	<u>48,130,327</u>	<u>80,198,248</u>	<u>81,111,970</u>

In connection with the application of standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position	\$ 3,845,259
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	<u>13,295,515</u>
Unrestricted net position, exclusive of the net pension and OPEB liability effect	<u>\$ 17,140,774</u>

By far the largest portion of the City's net position (94%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not likely to be used to liquidate these liabilities.

A portion of the City's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,845,259 (5%) may be used to meet the City's ongoing obligation to citizens and creditors.



**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

At the end of the current fiscal year, the City is able to report positive balances for all of the three categories of net position, both for the government as a whole, as well as for its separate business-type activities. Governmental activities reported a negative net position for one of the three categories of net position. The same situation held true for the prior fiscal year.

Net investment in capital assets increased by \$77,826 during the year. Restricted net position increased by \$103,173. Unrestricted net position decreased by \$(1,094,721) during the year with the unrestricted net position of business-type activities increasing by \$778,397 and the unrestricted net position of governmental activities decreasing by \$(1,873,118).

The following table shows the changes in the City's net position for 2022 compared to 2021.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,267,966	2,656,464	7,046,612	6,985,004	9,314,578	9,641,468
Operating grants and contributions	1,079,062	1,120,522	-	-	1,079,062	1,120,522
Capital grants and contributions	446,658	2,354,877	747,938	267,551	1,194,596	2,622,428
General revenues:						
Property taxes	6,150,576	5,694,692	-	-	6,150,576	5,694,692
Franchise taxes	744,957	716,564	-	-	744,957	716,564
Sales tax	2,616,266	2,213,537	-	-	2,616,266	2,213,537
Other taxes	484,243	443,637	-	-	484,243	443,637
Other general revenues	<u>254,816</u>	<u>438,119</u>	<u>570,254</u>	<u>290,191</u>	<u>825,070</u>	<u>728,310</u>
<b>Total revenues</b>	<u>14,044,544</u>	<u>15,638,412</u>	<u>8,364,804</u>	<u>7,542,746</u>	<u>22,409,348</u>	<u>23,181,158</u>
<b>Program expenses</b>						
General government	6,634,438	6,865,484	-	-	6,634,438	6,865,484
Public safety	6,527,826	5,866,077	-	-	6,527,826	5,866,077
Public works	911,476	839,081	-	-	911,476	839,081
Culture and recreation	879,607	816,091	-	-	879,607	816,091
Debt service - interest	8,570	13,684	-	-	8,570	13,684
Water and Sewer	-	-	7,677,136	6,989,422	7,677,136	6,989,422
Port and Harbor	-	-	<u>668,417</u>	<u>774,864</u>	<u>668,417</u>	<u>774,864</u>
<b>Total expenses</b>	<u>14,961,917</u>	<u>14,400,417</u>	<u>8,345,553</u>	<u>7,764,286</u>	<u>23,307,470</u>	<u>22,164,703</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(917,373)</u>	<u>1,237,995</u>	<u>19,251</u>	<u>(221,540)</u>	<u>(898,122)</u>	<u>1,016,455</u>
Transfers in (out)	<u>373,969</u>	<u>-</u>	<u>(373,969)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>(543,404)</u>	<u>1,237,995</u>	<u>(354,718)</u>	<u>(221,540)</u>	<u>(898,122)</u>	<u>1,016,455</u>
<b>Net position - beginning of year</b>	<u>32,981,643</u>	<u>31,743,648</u>	<u>48,130,327</u>	<u>48,351,867</u>	<u>81,111,970</u>	<u>80,095,515</u>
<b>Prior period adjustment</b>	<u>(15,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,600)</u>	<u>-</u>
<b>Net position, beginning of year, as restated,</b>	<u>32,966,043</u>	<u>31,743,648</u>	<u>48,130,327</u>	<u>48,351,867</u>	<u>81,096,370</u>	<u>80,095,515</u>
<b>Net position - end of year</b>	<u>\$32,422,639</u>	<u>32,981,643</u>	<u>47,775,609</u>	<u>48,130,327</u>	<u>80,198,248</u>	<u>81,111,970</u>

**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

***Governmental Activities***

Governmental activities decreased the City's net position by \$(543,404). The overall decrease reflects expenses exceeding revenues for the year by \$(917,373). This amount was partially due to a decrease of \$(1,593,868) in general government revenues of which is related to a decrease in grant receipts.

Revenues for the year experienced a decrease of \$(41,460) in operating grants and contributions as well as a decrease of \$(388,498) in charges for service.

***Business-type Activities***

Business-type activities decreased the City's total net position by \$(354,718) during the year. Revenues for the business-type activities increased by \$822,058 (11%). Expenses for the business-type activities increased \$581,267 (7%). Expenses decreased by \$(106,447) in the Port and Harbor fund. Expenses increased by \$688,717 in the Water and Sewer fund.

The overall decrease in revenues in the Port and Harbor fund is due to a decrease in revenues collected due to the Port and Harbor being closed due to damages from Hurricane Zeta.

Water and Sewer fund experienced an increase in revenues primarily related to increase in the collections of solid waste disposal and wastewater debt service.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,651,883, a decrease of \$(496,202) in comparison with the prior year. This overall decrease was primarily due to the \$(580,505) decrease in the General fund. The balance in this fund decreased primarily due the increase of expenditures during the year.

Of the combined \$1,651,883 governmental fund balances at year end \$797,108 (48%) is classified as restricted by grantors, state or federal laws, or enabling legislation; \$168,389 is classified as committed; and \$319,028 is classified as assigned. The remaining \$367,358 is classified as unassigned (22%). By definition unassigned balances include all deficit balances. There were no unassigned fund balance deficits at year-end.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$367,358, while the total fund balance was \$908,656. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned and total general fund balances at the end of the fiscal year represent 2% and 6%, respectively, of total general fund expenditures. These percentages decreased from the prior year computation of unassigned and total fund balances of 7% and 10%, respectively. The City's general fund balance decreased by \$(580,505) during the current fiscal year.

**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

Total net position for the City's enterprise funds as of September 30, 2022 was \$47,775,609, a decrease of \$(354,718) from the previous fiscal year's net position. Of the net position of the enterprise funds, \$33,723,783 is the net investment in capital assets of the enterprise funds. Unrestricted net position totaled \$13,770,557, an increase of \$778,397 compared to the previous year.

Unrestricted net position of the Enterprise Funds at the end of the fiscal year were \$11,850,966 for the Water and Sewer Fund and \$1,919,591 for the Port and Harbor Fund. Port and Harbor Fund showed a decrease in fund balance while the Water and Sewer Fund showed an increase. Other factors concerning the finances of these funds are addressed in the discussion of the City's business-type activities.

***General Fund Budgetary 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. The most significant budgeted fund is the General Fund.

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund is provided in this report on pages 83 through 85 as required supplemental information.

During the year there was a \$2,225,071 increase in appropriations between the original budget and the final amended budget. Budgeted revenues increased by \$13,952 from the original to the amended budget.

Following is the main component of the overall budget appropriations increase during the year:

- ◆ Increase in General Government capital projects of \$1,690,384 for drainage improvements.
- ◆ Increase in Grants and Economic Development of \$518,355 for Hurricane Zeta repairs.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$75,404,493 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, vehicle, equipment, and library materials. The City's investment in capital assets for the current fiscal year increased by \$1,051,375 for governmental activities and decreased by \$(1,151,063) for business-type activities compared to the prior year.

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

- ◆ Additions to capital assets (net of asset retirements) totaled \$3,101,941.
- ◆ Major asset additions included \$728,763 in construction in progress for various community projects.

**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

Depreciation expense totaled \$3,201,629 for the year with \$1,442,395 in the governmental activities and \$1,759,234 in the business-type activities.

The following table presents a summary of the City's capital assets (net of depreciation) for the current and prior fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 6,702,691	6,702,691	387,425	387,425	7,090,116	7,090,116
Construction in progress	1,722,533	993,770	415,321	-	2,137,854	993,770
Buildings	14,985,641	15,200,452	21,687,071	21,687,071	36,672,712	36,887,523
Improvements - other	1,039,693	1,065,898	-	-	1,039,693	1,065,898
Infrastructure	15,804,418	15,501,262	10,785,794	12,432,411	26,590,212	27,933,673
Equipment	324,842	242,436	202,896	202,609	527,738	445,045
Vehicles	1,032,149	878,640	254,457	174,511	1,286,606	1,053,151
Library materials	36,908	35,005	-	-	36,908	35,005
Right-of-use equipment	22,654	-	-	-	22,654	-
<b>Total</b>	<b><u>\$41,671,529</u></b>	<b><u>40,620,154</u></b>	<b><u>33,732,964</u></b>	<b><u>34,884,027</u></b>	<b><u>75,404,493</u></b>	<b><u>75,504,181</u></b>

Additional information on the City's capital assets can be found in Note 4 of this report.

***Long-term Liabilities***

At September 30, 2022 and 2021, the City had \$16,929,845 and \$11,016,175, respectively, in long-term liabilities outstanding. As of September 30, 2022, principal payments in the amount of \$200,820 were due within one year.

The following table summarizes long-term liabilities outstanding as of September 30, 2022 and 2021.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General obligation bonds (backed by the City)	\$ 50,000	191,000	-	-	50,000	191,000
Notes payable	-	-	9,181	27,129	9,181	27,129
Capital leases	42,566	83,964	-	-	42,566	83,964
Compensated absences	321,315	321,315	17,015	17,015	338,330	338,330
Net pension liability	15,784,976	9,849,949	681,935	496,357	16,466,911	10,346,306
Net OPEB liability	22,857	29,446	-	-	22,857	29,446
<b>Total</b>	<b><u>\$16,221,714</u></b>	<b><u>10,475,674</u></b>	<b><u>708,131</u></b>	<b><u>540,501</u></b>	<b><u>16,929,845</u></b>	<b><u>11,016,175</u></b>

More detailed information about the City's long-term liabilities is presented in Note 6 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's fiscal year 2023 reflects moderate growth mainly due to increases in ad valorem and sales taxes. The City continues to enjoy increased housing development which accounts for the aforementioned revenue increase. There are still a few subdivision developments in various stages of progress so the upward trend should continue for an least another fiscal year.

**CITY OF LONG BEACH, MISSISSIPPI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2022  
(UNAUDITED)

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Comptroller's Office at 201 Jeff Davis Avenue, Long Beach, Mississippi.

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## **BASIC FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- ◆ Government-wide financial statements
  - Statement of Net Position
  - Statement of Activities
  
- ◆ Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds
  - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**STATEMENT OF NET POSITION**  
September 30, 2022

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,343,802	13,077,349	16,421,151
Receivables, net	1,156,100	1,240,733	2,396,833
Property tax receivable	7,126,677	-	7,126,677
Lease receivable	13,468	695,197	708,665
Due from other governments	2,513,571	373,969	2,887,540
Prepaid expenses	92,990	-	92,990
Other assets	-	958	958
Restricted cash and cash equivalents	222,308	513,175	735,483
Noncurrent assets:			
Certificates of deposit - restricted	168,389	281,269	449,658
Capital assets:			
Land, improvements, and construction in progress	8,425,224	802,746	9,227,970
Other capital assets, net of depreciation	33,246,305	32,930,218	66,176,523
Total capital assets, net	41,671,529	33,732,964	75,404,493
<b>Total assets</b>	<b>56,308,834</b>	<b>49,915,614</b>	<b>106,224,448</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	3,069,015	132,586	3,201,601
Deferred outflows of resources related to OPEB	4,709	-	4,709
<b>Total deferred outflows of resources</b>	<b>3,073,724</b>	<b>132,586</b>	<b>3,206,310</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	494,470	112,389	606,859
Due to other governments	-	253,916	253,916
Customer deposits	-	513,175	513,175
Unearned revenues	3,157,244	-	3,157,244
Long-term liabilities:			
Due within one year			
Bonds and notes payable	50,000	9,181	59,181
Finance lease payable	42,566	-	42,566
Right-of-use lease payable	7,672	-	7,672
Compensated absences	82,058	17,015	99,073
Due in more than one year			
Right-of-use lease payable	15,160	-	15,160
Compensated absences	239,257	-	239,257
Net pension liability	15,784,976	681,935	16,466,911
Net OPEB liability	22,857	-	22,857
<b>Total liabilities</b>	<b>19,896,260</b>	<b>1,587,611</b>	<b>21,483,871</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to OPEB	12,057	-	12,057
Deferred inflows of resources related to property taxes	7,038,230	-	7,038,230
Deferred inflows of resources related to lease receivable	13,372	684,980	698,352
<b>Total deferred inflows of resources</b>	<b>7,063,659</b>	<b>684,980</b>	<b>7,748,639</b>
<b>NET POSITION</b>			
Investment in capital assets (net of related debt)	41,556,131	33,723,783	75,279,914
Restricted for:			
Debt Service	569,536	-	569,536
Unemployment compensation	38,846	-	38,846
Other purposes	183,424	281,269	464,693
Unrestricted net position	(9,925,298)	13,770,557	3,845,259
<b>Total net position</b>	<b>\$ 32,422,639</b>	<b>47,775,609</b>	<b>80,198,248</b>

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

**CITY OF LONG BEACH, MISSISSIPPI**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2022

	<u>Program revenue</u>				<u>Net (expense) revenue and changes in net position</u>		
	<u>Expenses</u>	<u>Charges for service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
<b>Governmental activities:</b>							
General government	\$ 6,634,438	2,267,966	1,032,054	214,796	(3,119,622)	-	(3,119,622)
Public safety	6,527,826	-	15,683	172,595	(6,339,548)	-	(6,339,548)
Public works	911,476	-	-	-	(911,476)	-	(911,476)
Culture and recreation	879,607	-	31,325	59,267	(789,015)	-	(789,015)
Debt service - interest	8,570	-	-	-	(8,570)	-	(8,570)
<b>Total governmental activities</b>	<u>14,961,917</u>	<u>2,267,966</u>	<u>1,079,062</u>	<u>446,658</u>	<u>(11,168,231)</u>	<u>-</u>	<u>(11,168,231)</u>
<b>Business-type activities:</b>							
Water, sewer and gas fund	7,677,136	7,020,205	-	747,938	-	91,007	91,007
Port and Harbor	668,417	26,407	-	-	-	(642,010)	(642,010)
<b>Total business-type activities</b>	<u>8,345,553</u>	<u>7,046,612</u>	<u>-</u>	<u>747,938</u>	<u>-</u>	<u>(551,003)</u>	<u>(551,003)</u>
<b>Total primary</b>	<u>\$23,307,470</u>	<u>9,314,578</u>	<u>1,079,062</u>	<u>1,194,596</u>	<u>(11,168,231)</u>	<u>(551,003)</u>	<u>(11,719,234)</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					6,150,576	-	6,150,576
Franchise taxes					744,957	-	744,957
Sales tax					2,616,266	-	2,616,266
Other taxes					484,243	-	484,243
Unrestricted investment earnings					75,868	-	75,868
Insurance proceeds					-	206,628	206,628
Gain (loss) on the sale of capital assets					1,674	-	1,674
Miscellaneous					177,274	363,626	540,900
Transfers in (out)					373,969	(373,969)	-
<b>Total general revenues and transfers</b>					<u>10,624,827</u>	<u>196,285</u>	<u>10,821,112</u>
<b>CHANGES IN NET POSITION</b>					(543,404)	(354,718)	(898,122)
<b>Net position - beginning</b>					32,981,643	48,130,327	81,111,970
<b>Prior period adjustments, Note 19</b>					(15,600)	-	(15,600)
<b>Net position - beginning as restated</b>					<u>32,966,043</u>	<u>48,130,327</u>	<u>81,096,370</u>
<b>Net position - ending</b>					<u>\$ 32,422,639</u>	<u>47,775,609</u>	<u>80,198,248</u>

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

## **FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
September 30, 2022

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,772,018	571,784	3,343,802
Receivables, net	1,156,100	-	1,156,100
Property tax receivable	7,066,078	60,599	7,126,677
Lease receivable	13,468	-	13,468
Due from other governments	2,513,571	-	2,513,571
Restricted assets:			
Cash and cash equivalents	222,308	-	222,308
Certificates of deposit	-	168,389	168,389
<b>Total assets</b>	<b>\$ 13,743,543</b>	<b>800,772</b>	<b>14,544,315</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 466,424	-	466,424
Other accrued liabilities	22,744	-	22,744
Unearned revenue	3,157,244	-	3,157,244
<b>Total liabilities</b>	<b>3,646,412</b>	<b>-</b>	<b>3,646,412</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	2,194,418	-	2,194,418
Unavailable revenue - property taxes	6,980,685	57,545	7,038,230
Lease receivable	13,372	-	13,372
<b>Total deferred inflows of resources</b>	<b>9,188,475</b>	<b>57,545</b>	<b>9,246,020</b>
<b>FUND BALANCES</b>			
Restricted for:			
Debt service	-	574,838	574,838
Unemployment compensation	38,846	-	38,846
Other purposes	183,424	-	183,424
Committed for:			
Capital outlay	-	168,389	168,389
Assigned for:			
Hurricane recovery	308,539	-	308,539
Unemployment compensation	10,489	-	10,489
Unassigned	367,358	-	367,358
<b>Total fund balances</b>	<b>908,656</b>	<b>743,227</b>	<b>1,651,883</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,743,543</b>	<b>800,772</b>	<b>14,544,315</b>

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

**CITY OF LONG BEACH, MISSISSIPPI**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
September 30, 2022

**Total governmental funds balance** **\$ 1,651,883**

*Amounts reported for governmental activities in the statement of net position are different than those reported in the fund financial statements because of the following:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense.

Governmental capital assets	69,235,136	
less: accumulated depreciation	(27,563,607)	41,671,529

A portion of the City's receivables are collected after year-end; but they are not collected soon enough to be available as financial resources for the current year. The revenues related to these receivables are deferred and not reported in the governmental funds. 2,194,418

Prepaid items, such as prepaid insurance, are accounted for as expenditures in the period of acquisition and, therefore, are not reported in the funds. 92,990

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	3,069,015	
Deferred inflows of resources related to pensions	-	3,069,015

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	4,709	
Deferred inflows of resources related to OPEB	(12,057)	(7,348)

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable	(5,302)	
Bonds and notes payable	(50,000)	
Finance lease payable	(42,566)	
Right-of-use lease payable	(22,832)	
Compensated absences	(321,315)	
Net pension liability	(15,784,976)	
Net OPEB liability	(22,857)	(16,249,848)

**Net position of governmental activities** **\$ 32,422,639**

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

## CITY OF LONG BEACH, MISSISSIPPI

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 5,924,349	226,227	6,150,576
Sales taxes	2,616,266	-	2,616,266
Franchise fees	771,330	-	771,330
Fees and fines	1,510,029	-	1,510,029
Licenses and permits	328,238	-	328,238
Intergovernmental	484,243	-	484,243
Charges for services	395,615	-	395,615
Investment earnings	70,590	5,278	75,868
Grants	1,719,839	-	1,719,839
Miscellaneous	177,274	-	177,274
<b>Total revenues</b>	<u>13,997,773</u>	<u>231,505</u>	<u>14,229,278</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,143,000	-	4,143,000
Public safety	6,527,826	-	6,527,826
Public works	911,476	-	911,476
Culture and recreation	879,607	-	879,607
Debt service:			
Principal payments	-	182,398	182,398
Interest and fiscal charges	-	8,570	8,570
Capital outlay	2,509,370	-	2,509,370
<b>Total expenditures</b>	<u>14,971,279</u>	<u>190,968</u>	<u>15,162,247</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(973,506)</u>	<u>40,537</u>	<u>(932,969)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Right-of-use asset lease financing	27,040	-	27,040
Proceeds from sale of capital assets	1,674	-	1,674
Proceeds from sale of cemetery lots	18,500	-	18,500
Insurance recoveries	15,584	-	15,584
Transfers in (out)	330,203	43,766	373,969
<b>Total other financing sources (uses)</b>	<u>393,001</u>	<u>43,766</u>	<u>436,767</u>
Net changes in fund balances	(580,505)	84,303	(496,202)
<b>Fund balance - beginning of year</b>	<u>1,489,161</u>	<u>658,924</u>	<u>2,148,085</u>
<b>Fund balance - end of year</b>	<u>\$ 908,656</u>	<u>743,227</u>	<u>1,651,883</u>

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

**CITY OF LONG BEACH, MISSISSIPPI**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2022

**Net change in fund balances - total governmental funds** **\$ (496,202)**

*Amounts reported for governmental activities in the statement of activities are different than those reported in the fund financial statements because of the following:*

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

Capital outlay	2,509,370	
Depreciation expense	(1,442,395)	1,066,975

Receivables that do not meet the "measurable and available" criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities they are recognized as revenue when levied or earned. (220,492)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 186,606

The proceeds of new debt is reported as revenue in the governmental funds, but as a long-term liability in the statement of net assets. (27,040)

Pension expense recorded in the Statement of Activities does not require the use of current financial resources. (1,056,986)

OPEB expense recorded in the Statement of Activities does not require the use of current financial resources. 3,735

**Changes in net position of governmental activities** **\$ (543,404)**

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

**PROPRIETARY FUNDS FINANCIAL STATEMENTS**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
September 30, 2022

	<b>Enterprise Funds</b>		
	<b>Major Funds</b>		<b>Total Enterprise Funds</b>
	<b>Water and Sewer Fund</b>	<b>Port and Harbor Fund</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,804,811	2,272,538	13,077,349
Accounts receivable, net	1,236,432	4,301	1,240,733
Lease receivable	-	695,197	695,197
Grant receivable	373,969	-	373,969
Other assets	-	958	958
Restricted cash and cash equivalents	513,175	-	513,175
Total current assets	<u>12,928,387</u>	<u>2,972,994</u>	<u>15,901,381</u>
Noncurrent assets:			
Certificates of deposit	281,269	-	281,269
Capital assets:			
Land and construction in progress	552,746	250,000	802,746
Other capital assets, net of accumulated depreciation	26,275,671	6,654,547	32,930,218
Total noncurrent assets	<u>27,109,686</u>	<u>6,904,547</u>	<u>34,014,233</u>
<b>Total assets</b>	<u>40,038,073</u>	<u>9,877,541</u>	<u>49,915,614</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	46,206	86,380	132,586
Total deferred outflows of resources	<u>46,206</u>	<u>86,380</u>	<u>132,586</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	110,155	2,234	112,389
Due to other governments	252,787	1,129	253,916
Customer deposits	513,175	-	513,175
Bonds and notes payable	9,181	-	9,181
Compensated absences	9,859	7,156	17,015
Total current liabilities	<u>895,157</u>	<u>10,519</u>	<u>905,676</u>
Noncurrent liabilities:			
Net pension liability	237,651	444,284	681,935
Total noncurrent liabilities:	<u>237,651</u>	<u>444,284</u>	<u>681,935</u>
<b>Total liabilities</b>	<u>1,132,808</u>	<u>454,803</u>	<u>1,587,611</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to lease receivable	-	684,980	684,980
Total deferred inflows of resources	<u>-</u>	<u>684,980</u>	<u>684,980</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	26,819,236	6,904,547	33,723,783
Restricted for:			
Other purposes	281,269	-	281,269
Unrestricted	11,850,966	1,919,591	13,770,557
<b>Total net position</b>	<u>\$ 38,951,471</u>	<u>8,824,138</u>	<u>47,775,609</u>

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

**CITY OF LONG BEACH, MISSISSIPPI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2022

	<b>Enterprise Funds</b>		
	<b>Major Funds</b>		<b>Total Enterprise Funds</b>
	<b>Water and Sewer Fund</b>	<b>Port and Harbor Fund</b>	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 7,020,205	26,407	7,046,612
Miscellaneous	<u>314,847</u>	<u>48,779</u>	<u>363,626</u>
<b>Total operating revenues</b>	<u>7,335,052</u>	<u>75,186</u>	<u>7,410,238</u>
<b>OPERATING EXPENSES</b>			
Personnel services	115,073	176,971	292,044
Administrative expenses	300,000	32,802	332,802
Contractual fees	2,363,497	170	2,363,667
Wastewater treatment	995,456	-	995,456
Wastewater debt	405,537	-	405,537
Waste disposal	1,116,094	-	1,116,094
Utilities	248,732	23,416	272,148
Supplies	659,862	28,039	687,901
Depreciation	1,352,269	406,965	1,759,234
Other services and charges	<u>120,048</u>	<u>54</u>	<u>120,102</u>
<b>Total operating expenses</b>	<u>7,676,568</u>	<u>668,417</u>	<u>8,344,985</u>
<b>Operating income (loss)</b>	<u>(341,516)</u>	<u>(593,231)</u>	<u>(934,747)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Insurance proceeds	206,628	-	206,628
Interest expense	(568)	-	(568)
Grants and contributions in aid	747,938	-	747,938
Transfers in (out)	<u>(373,969)</u>	<u>-</u>	<u>(373,969)</u>
<b>Total nonoperating revenues</b>	<u>580,029</u>	<u>-</u>	<u>580,029</u>
<b>Change in net position</b>	238,513	(593,231)	(354,718)
<b>Total net position - beginning of year</b>	<u>38,712,958</u>	<u>9,417,369</u>	<u>48,130,327</u>
<b>Total net position - end of year</b>	<u>\$ 38,951,471</u>	<u>8,824,138</u>	<u>47,775,609</u>

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



**CITY OF LONG BEACH, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Year Ended September 30, 2022

	<b>Enterprise Funds</b>		
	<b>Major Funds</b>		<b>Total Enterprise Funds</b>
	<b>Water and Sewer Fund</b>	<b>Port and Harbor Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 7,004,822	26,395	7,031,217
Payments for goods and services	(6,413,240)	(88,836)	(6,502,076)
Payments to employees for services	(105,493)	460,260	354,767
Other receipts (payments)	314,847	48,779	363,626
<b>Net cash provided (used) by operating activities</b>	<u>800,936</u>	<u>446,598</u>	<u>1,247,534</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Insurance proceeds	206,628	-	206,628
Proceeds from grants and contributions in aid	-	(695,197)	(695,197)
<b>Net cash provided in noncapital financing activities</b>	<u>206,628</u>	<u>(695,197)</u>	<u>(488,569)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase and construction of capital assets	(608,171)	-	(608,171)
Principal paid on capital debt	(17,948)	-	(17,948)
Interest paid on capital debt	(568)	-	(568)
<b>Net cash (used) in capital and related financing activities</b>	<u>(626,687)</u>	<u>-</u>	<u>(626,687)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Restricted customer deposits	24,869	-	24,869
<b>Net cash provided by investing activities</b>	<u>24,869</u>	<u>-</u>	<u>24,869</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	405,746	(248,599)	157,147
<b>Beginning of the year</b>	10,912,240	2,521,137	13,433,377
<b>End of the year</b>	<u>\$ 11,317,986</u>	<u>2,272,538</u>	<u>13,590,524</u>

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

**CITY OF LONG BEACH, MISSISSIPPI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Year Ended September 30, 2022

	<b>Enterprise Funds</b>		
	<b>Major Funds</b>		<b>Total Enterprise Funds</b>
	<b>Water and Sewer Fund</b>	<b>Port and Harbor Fund</b>	
<b><i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i></b>			
Operating income (loss)	\$ (341,516)	(593,231)	(934,747)
Adjustments to reconcile operating income (loss) to net cash			
Depreciation expense	1,352,269	406,965	1,759,234
(Increase) decrease in current assets:			
Accounts receivable	(15,383)	(12)	(15,395)
Increase (decrease) in current liabilities:			
Accounts payable	(204,014)	(4,355)	(208,369)
Other liabilities	9,580	637,231	646,811
<b>Net cash provided (used) by operating activities</b>	<b>\$ 800,936</b>	<b>446,598</b>	<b>1,247,534</b>

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

## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**STATEMENT OF NET POSITION - FIDUCIARY FUND**  
September 30, 2022

	<u><b>Tax Collector Clearing Fund</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 130
Property tax receivable	<u>135,675</u>
<b>Total assets</b>	<u><u>\$ 135,805</u></u>
<b>LIABILITIES</b>	
Due to other governments	\$ <u>135,805</u>
<b>Total liabilities</b>	<u><u>\$ 135,805</u></u>

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

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The City was incorporated on August 10, 1905. The City operates under a Mayor-Board form of government and provides the following services as authorized by its charter: public safety, public works, public health and welfare, culture, recreation and water and sewer system.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body of establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The City does not have any component units as defined by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14*.

**B. Basis of Presentation**

***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 activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to function in the statement of activities. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows/inflows, liabilities, net position/fund equity, revenues, and expenditures/expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary funds are classified as enterprise funds.

Fiduciary funds are those used to account for funds held by the City in trust for others that cannot be used to support the City's programs.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are a least 10 percent of the corresponding total for all funds of that category or type, and
2. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is a least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major funds:

*Major Governmental Funds*

- ◆ General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Major Enterprise Funds*

- ◆ Water and Sewer fund accounts for operations of the City's water, sewer, and garbage system.
- ◆ Port and Harbor fund accounts for operations of the harbor operated by the City.

*Non-Major Governmental Funds*

- ◆ Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, (other than debt service or capital projects). Currently, there is one special revenue fund, the Contribution Agreement fund.
- ◆ Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than enterprise debt. Currently, there is one debt service fund, the Municipal Debt Service fund.
- ◆ Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). There are currently no capital projects funds.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Fiduciary Funds*

- ◆ The Tax Collector Clearing fund is used to account for assets held by the City in a trustee capacity or as an agent for other governmental units.

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<u>Fund:</u> _____	<u>Required By:</u> _____
Water and Sewer Fund	Trust Indenture

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. 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 are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are recorded as unearned revenues.

The City reports unearned revenues on its governmental funds balance sheet. Unearned revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board. The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balances**

***Cash and Cash Equivalents***

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Additionally, each fund's equity in the City's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. All cash and cash equivalents are reported at their carrying amounts, which reasonably approximates fair value.

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.

***Receivables***

All trade receivables are reported net of an allowance for uncollectible amounts, where applicable. Unbilled charges are accrued as receivables and revenue at September 30, 2022.

***Allowance for Uncollectible Amounts***

An allowance for uncollectible amounts relates to the estimated uncollectible balance of the revenues earned or accrued that have been included in accounts receivable at year end. An allowance is recorded on receivable balances based on historical bad debt experience related to the nature of each receivable balance.

***Interfund Balances***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

***Capital Assets***

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital position utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Water and sewer system	30-35 years
Machinery and equipment	3-15 years
Improvements	20 years
Other infrastructures	10-50 years
Vehicles	5 years

***Leases***

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases (GASB 87) to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The City uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 5 for details.

***Compensated Absences***

Vacation benefits and sick leave are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. All compensated absences liabilities include salary-related payments, where applicable.

The City accrues accumulated unpaid vacation leave at the end of the fiscal year. The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due". The non-current portion (the amount estimated to be used beyond the next fiscal year) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The City's policy allows employees to accumulate unused sick leave on an unlimited basis; however, vacation leave must be used before the employee's next anniversary unless they have prior approval from their department head. Upon termination, any accumulated vacation will be paid to the employee. Any earned vacation hours in excess of 240 hours is certified and sent to the Public Employees Retirement System (PERS). Sick leave is not paid upon termination, however, any unused sick time is also certified and sent to PERS.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

***Debt Premiums, Discounts and Issuance Costs***

On the governmental-wide and proprietary fund type statement of activities, unamortized debt premiums and discounts, are deferred and amortized over the life of the debt using the straight-line method that approximates the effective interest method. Debt issuance costs are expenses as incurred.

At the governmental fund reporting level, debt fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

***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 Mississippi Public Employees' Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, 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.

***Postemployment Benefits Other than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has a deferred outflow which is presented as a deferred outflow of resources related to pension and OPEB obligations.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The City has a deferred inflow which is presented as a deferred inflow of resources related to pension and OPEB obligations, unavailable revenue, and lease receivable. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Net Position/Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

In the Government-Wide financial statements, the difference between the City's total assets and deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components:

- ◆ Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions or improvement of those assets.
- ◆ Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.
- ◆ Unrestricted net position - All other net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt." Unrestricted net position represents the net position available for future operations.

Generally, governmental fund balances represent the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ◆ Nonspendable - Includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.
- ◆ Restricted - Includes amounts that have constraints placed upon the use of the resources either by external party or imposed by law through a constitutional provision or enabling legislation.
- ◆ Committed - Includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Aldermen as approved in the board minutes.
- ◆ Assigned - Includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent can be expressed by the City's Board of Aldermen or by an official or body to which the City's Board of Aldermen delegates the authority. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- ◆ Unassigned - Is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City has various restrictions placed over certain revenue sources from federal, state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source:</u>	<u>Legal Restrictions in Use:</u>
Gasoline Excise & Commercial Vehicle Tax	Street and Road purposes
Water and Sewer Revenue	Debt Service and Utility Operations
Grant Program Expenditures	Grant agreements
Ad Valorem Tax	Debt Service

For the year ended September 30, 2022, the City complied, in all material respects, with these revenue restrictions.

Net position restricted through enabling legislation consists of \$569,536 for service of debt; \$38,846 for MS State Unemployment Revolving Fund (employee benefits); \$95,737 for State Seizure funds; \$32,329 for Drug Seizure funds; \$2,749 for grant purposes; and \$52,609 for Fire Rebate by the State Insurance Commission.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the City's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the City's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

The City does not have a minimum fund balance policy.

***Revenues***

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB Statement No. 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

***Expenditures***

Expenditures are recognized when the related fund liability is incurred.

***Internal Activity***

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund from which expenditures were initially made that are properly applicable to another fund are recorded as expenditures in the fund that is reimbursed. Outstanding reimbursements are recorded as due to or from other funds. Net receivables or payables from other funds are reported as internal balances in the government-wide statement of net position.



**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***Use of Estimates***

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

***New GASB Pronouncements***

The Governmental Accounting Standards Board has issued several new pronouncements that the City has reviewed for application to their accounting and reporting.

GASB 87, Leases, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

**NOTE 2. DEPOSITS AND INVESTMENTS**

State law requires that all deposits in excess of FDIC insurance limits be 105% collateralized by U.S. Government obligations or by state municipal obligations that have a fair value of not less than the principal amount of the deposits. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of 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 FDIC.

At year-end, the carrying amount of the City's deposits and investments was \$17,605,323, and the respective bank balances totaled \$17,949,364.

The City's deposits were fully insured or collateralized as required by statute at September 30, 2022.

The City's policies regarding deposits of cash are discussed in Note 1 D. The City deposits funds in financial institutions selected by the Board of Aldermen in accordance with Mississippi statutes. The approved city depositories for the 2021-2022 calendar years is Hancock Bank.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 2. DEPOSITS AND INVESTMENTS (continued)**

Deposits at September 30, 2022, (including restricted deposits) are as follows:

<b>Deposits</b>	<b>Bank Balances</b>	<b>Total Carrying Value</b>
Pooled deposits:		
Cash and cash equivalents	\$ 17,539,859	17,155,665
Petty cash	-	969
	<u>\$ 17,539,859</u>	<u>17,156,634</u>
Reconciliation to government-wide statement of net assets:		
Restricted cash		\$ 735,483
Unrestricted cash		16,421,151
		<u>\$ 17,156,634</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 its deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Depositories must be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in an amount equal to 105% of the uninsured deposit. The City's policies regarding legal requirements of deposits are discussed above.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 2. DEPOSITS AND INVESTMENTS (continued)**

At September 30, 2022, the City held the following certificates of deposit with maturity dates of longer than three months:

Certificates of Deposit	Total Carrying Value
<b>Governmental activities:</b>	
Hancock Bank, 0.25% interest, matures September, 2023	\$ 55,851
Hancock Bank, 0.01% interest, matures October, 2022	112,538
<b>Total governmental activities</b>	<b>\$ 168,389</b>
<b>Business-type activities:</b>	
Hancock Bank, 0.25% interest, matures February, 2023	\$ 281,269
<b>Total business-type activities</b>	<b>\$ 281,269</b>

**A. Restricted Cash and Investments**

The amounts reported as restricted assets are cash and accrued interest held by the trustee bank on behalf of the various public trusts (authorities) and amounts held in trust for customer utility meter deposits.

The restricted assets as of September 30, 2022, are as follows:

Restricted Assets	Cash Including Time Deposits
<b>Governmental activities:</b>	
Cash and cash equivalents:	
Drug seizures	\$ 95,737
Fire rebate	52,609
Paving project	38
Grants	2,749
State seizures	32,329
Unemployment compensation	38,846
Certificates of deposit:	
Capital assets purchases	168,389
<b>Total governmental activities</b>	<b>\$ 390,697</b>
<b>Business-type activities:</b>	
Cash and cash equivalents:	
Customer deposits	\$ 513,175
Certificates of deposit:	
Condominium escrow	281,269
<b>Total business-type activities</b>	<b>\$ 794,444</b>

***Interest Rate Risk - Investments***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, since the City only invests in certificates of deposit with maturities of one year or less from qualified depositories, the City does not believe it is exposed to interest rate risk.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 2. DEPOSITS AND INVESTMENTS (continued)**

***Credit Risk - Investments***

Credit risk is generally the risk that issuers of an investment will not fulfill its obligation to the holder of the investment. The City has no investment policy that would limit its investment choices due to credit risk. However, Mississippi State statute authorizes and limits investment of surplus funds to (1) direct obligations of the United States government, 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. The City invests its surplus funds in certificates of deposit and does not believe that it is exposed to credit risk.

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2022, consisted of the following:

Functions/Programs	Accounts Receivable	Allowance for Uncollectible Accounts	Net Accounts Receivable
<b>Governmental activities:</b>			
Franchise taxes	\$ 188,564	-	188,564
Police court fines	11,009,328	10,041,792	967,536
<b>Total governmental activities</b>	<u>\$ 11,197,892</u>	<u>10,041,792</u>	<u>1,156,100</u>
<b>Business-type activities:</b>			
Water, sewer and gas services	\$ 2,217,159	980,727	1,236,432
Port and harbor activities	166,072	161,771	4,301
<b>Total business-type activities</b>	<u>\$ 2,383,231</u>	<u>1,142,498</u>	<u>1,240,733</u>

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 4. CAPITAL ASSETS**

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

<u>Capital Assets</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,702,691	-	-	6,702,691
Construction in progress	<u>993,770</u>	<u>1,828,395</u>	<u>(1,099,632)</u>	<u>1,722,533</u>
Total capital assets not being depreciated	<u>7,696,461</u>	<u>1,828,395</u>	<u>(1,099,632)</u>	<u>8,425,224</u>
Capital assets being depreciated:				
Buildings	19,079,155	165,110	-	19,244,265
Improvements - other	1,287,438	-	-	1,287,438
Infrastructure	32,242,062	1,065,613	-	33,307,675
Equipment	2,895,625	170,121	-	3,065,746
Vehicles	3,359,083	323,352	-	3,682,435
Library materials	181,542	13,771	-	195,313
Right-of-use equipment	<u>-</u>	<u>27,040</u>	<u>-</u>	<u>27,040</u>
Total capital assets being depreciated	<u>59,044,905</u>	<u>1,765,007</u>	<u>-</u>	<u>60,809,912</u>
Less accumulated depreciation for:				
Buildings	3,878,703	379,921	-	4,258,624
Improvements - other	221,540	26,205	-	247,745
Infrastructure	16,740,800	762,457	-	17,503,257
Equipment	2,653,189	87,715	-	2,740,904
Vehicles	2,480,443	169,843	-	2,650,286
Library materials	146,537	11,868	-	158,405
Right-of-use equipment	<u>-</u>	<u>4,386</u>	<u>-</u>	<u>4,386</u>
Total accumulated depreciation	<u>26,121,212</u>	<u>1,442,395</u>	<u>-</u>	<u>27,563,607</u>
Total capital assets being depreciated, net	<u>32,923,693</u>	<u>322,612</u>	<u>-</u>	<u>33,246,305</u>
<b>Total governmental activities</b>	<u>\$ 40,620,154</u>	<u>2,151,007</u>	<u>(1,099,632)</u>	<u>41,671,529</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 387,425	-	-	387,425
Construction in progress	<u>-</u>	<u>415,321</u>	<u>-</u>	<u>415,321</u>
Total capital assets not being depreciated	<u>387,425</u>	<u>415,321</u>	<u>-</u>	<u>802,746</u>
Capital assets being depreciated:				
Buildings	21,784,909	-	-	21,784,909
Harbor Infrastructure and improvements	10,250,021	-	-	10,250,021
Water/Sewer Infrastructure and improvements	27,950,144	-	-	27,950,144
Equipment	822,501	67,965	-	890,466
Vehicles	<u>485,061</u>	<u>124,885</u>	<u>-</u>	<u>609,946</u>
Total capital assets being depreciated	<u>61,292,636</u>	<u>192,850</u>	<u>-</u>	<u>61,485,486</u>
Less accumulated depreciation for:				
Buildings	97,838	-	-	97,838
Harbor Infrastructure and improvements - other	3,245,057	390,861	-	3,635,918
Water/sewer Infrastructure and improvements	22,522,697	1,255,756	-	23,778,453
Equipment	619,892	67,678	-	687,570
Vehicles	<u>310,550</u>	<u>44,939</u>	<u>-</u>	<u>355,489</u>
Total accumulated depreciation	<u>26,796,034</u>	<u>1,759,234</u>	<u>-</u>	<u>28,555,268</u>
Total capital assets being depreciated, net	<u>34,496,602</u>	<u>(1,566,384)</u>	<u>-</u>	<u>32,930,218</u>
<b>Total business-type activities</b>	<u>\$ 34,884,027</u>	<u>(1,151,063)</u>	<u>-</u>	<u>33,732,964</u>

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 4. CAPITAL ASSETS (continued)**

A summary of construction-in-progress transactions for the year ended September 30, 2022, follows:

<b>Construction In-Progress</b>	<b>Expended through September 30, 2022</b>	<b>Remaining Commitment</b>
<b>Governmental Activities:</b>		
Pineville Road Sidewalks Phase II	\$ 53,482	446,518
Pineville Road Sidewalks Phase III	23,404	43,429
Cemetery Improvements	27,521	95,666
Watershed Retention/Detention Plan	991,109	508,891
Quarles House	49,764	1,818,046
Trautman Drainage Basin Watershed System Upgrades	38,000	689,092
Mt. Bass Drainage	27,600	48,200
Intersection Imp 28th & Klondyke	115,639	78,521
Downtown Revitalization	132,624	2,383,900
Harbor Southeast Bulkhead	10,830	2,177,170
Mitchell Road Drainage	82,217	92,796
Streetscape Signage	8,125	1,122,368
Klondyke-Commission Intersection	162,218	787,782
<b>Total governmental activities</b>	<u>\$ 1,722,533</u>	<u>10,292,379</u>
<b>Business-type Activities:</b>		
Lynnwood Circle Water System	\$ 415,321	362,717
<b>Total business-type activities</b>	<u>\$ 415,321</u>	<u>362,717</u>

Depreciation expense was charged to programs for the year ended September 30, 2022 as follows:

<b>Functions/Programs</b>	<b>Depreciation Expense</b>
<b>Governmental activities:</b>	
General government	\$ <u>1,442,395</u>
<b>Business-type activities:</b>	
Water and sewer fund	\$ 1,352,269
Port and Harbor fund	406,965
<b>Total business-type activities depreciation expense</b>	<u>\$ 1,759,234</u>

**NOTE 5. LEASES**

**As Lessee:**

The City is a lessee for various noncancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the City recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the City recognized a lease and a right-of-use lease asset.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 5. LEASES (continued)**

At lease commencement, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The City generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the City would expect to obtain for a similar financed purchase at the date of lease inception.

The lease term includes the noncancellable period of the lease plus any additional periods covered by either the City or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the City and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The City, acting as lessee, has entered into two leases for copiers within the City. Details of the lease obligation can be found in Note 6.

**As Lessor:**

The City leases numerous pieces of property to organizations with lease terms ranging from 2 to 20 years. The City uses the prime rate at date of lease to calculate the present value of the lease payments when the rate implicit in the lease is not known. The City's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the City. The City has, however, included in its financial statements at year end the net present value of \$13,468 for future lease payments as a lease receivable and \$13,372 as deferred inflows of resources for governmental activities and the net present value of \$695,197 for future lease payments as a lease receivable and \$684,980 as deferred inflows of resources for business-type activities.

The total amount of inflows of resources including lease revenue and interest revenue recognized during the current fiscal year is \$64,619. The following schedule represents the net present value of future rental payments to be made to the City for the use of the lands. These future rental payments are from existing leases, including the renewal options expected to be exercised.

<u>Year ending September 30,:</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 7,463	487	7,950	38,574	23,072	61,646
2024	6,005	145	6,150	39,857	20,762	60,619
2025	-	-	-	39,362	19,437	58,799
2026	-	-	-	38,073	18,202	56,275
2027	-	-	-	39,329	16,946	56,275
2028-2032	-	-	-	216,985	64,390	281,375
2033-2037	-	-	-	178,706	29,223	207,929
2038-2042	-	-	-	104,311	7,068	111,379
<b>Total</b>	<b>\$ 13,468</b>	<b>632</b>	<b>14,100</b>	<b>695,197</b>	<b>199,100</b>	<b>894,297</b>

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 6. LONG-TERM LIABILITIES**

The City's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. Long-term liability activity for the year ended September 30, 2022, is shown below:

<u>Long-Term Liabilities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation debt	\$ 191,000	-	141,000	50,000	50,000
Finance leases	83,964	-	41,398	42,566	42,566
Right-of-use asset leases	-	22,832	-	22,832	7,672
Compensated absences	321,315	-	-	321,315	82,058
Net pension liability	9,849,949	5,935,027	-	15,784,976	-
Net OPEB liability	29,446	-	6,589	22,857	-
<b>Total governmental activities</b>	<u>\$ 10,475,674</u>	<u>5,957,859</u>	<u>188,987</u>	<u>16,244,546</u>	<u>182,296</u>
<b>Business-type activities:</b>					
Notes payable	\$ 27,129	-	17,948	9,181	9,181
Compensated absences	17,015	-	-	17,015	17,015
Net pension liability	496,357	185,578	-	681,935	-
<b>Total business-type activities</b>	<u>\$ 540,501</u>	<u>185,578</u>	<u>17,948</u>	<u>708,131</u>	<u>26,196</u>

**A. Bonds Payable**

At September 30, 2022, the City's outstanding bonds payable are described as follows:

<u>Bonds Payable</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Rates</u>	<u>Original Issue</u>	<u>Balance September 30, 2022</u>
<b>Governmental activities:</b>					
General obligation bonds:					
Series 2013 Bonds	7/24/2013	7/24/2023	1.8%	459,000	50,000
<b>Total governmental activities</b>					<u>\$ 50,000</u>

General obligation bonds generally are issued as serial bonds with certain amounts of principal maturing each year. The annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending September 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
<b>Governmental activities:</b>		
2023	\$ 50,000	900
<b>Total governmental activities</b>	<u>\$ 50,000</u>	<u>900</u>



**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 6. LONG-TERM LIABILITIES (continued)**

***General Obligation Bonds***

General obligation debt represents direct obligations issued on a pledge of the general taxing power of the City for the payment of its debt obligations

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The governmental activities bonds are generally repaid from ad valorem taxes through the debt service funds. The water and sewer general obligation bonds are repaid from resources generated by the water and sewer enterprise fund.

**B. Notes Payable**

At September 30, 2022, the City's outstanding notes payable are described as follows:

<u>Notes Payable</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Rates</u>	<u>Original Issue</u>	<u>Balance September 30, 2022</u>
<b>Business-type activities:</b>					
State of Mississippi, Drinking Water Improvement (Main) Revolving Fund Loan	1/5/2000	3/1/2023	3.00%	\$ 229,295	9,181
<b>Total business-type activities</b>					<b>\$ 9,181</b>

Principal and interest maturities will be as follows:

<u>Year Ending September 30,</u>	<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>
<b>Business-type activities:</b>		
2023	\$ 9,181	81
<b>Total business-type activities</b>	<b>\$ 9,181</b>	<b>81</b>

**C. Finance Leases**

At September 30, 2022, the City's outstanding finance leases are described as follows:

<u>Finance Leases</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Rates</u>	<u>Original Issue</u>	<u>Annual Installment</u>	<u>Balance September 30, 2022</u>
<b>Governmental activities:</b>						
Finance lease payable to bank, secured by a fire truck	5/7/2013	5/7/2023	2.82%	\$ 376,785	43,766	42,566
<b>Total governmental activities</b>						<b>\$ 42,566</b>

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 6. LONG-TERM LIABILITIES (continued)**

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2022, were as follows:

Year Ending September 30,	Finance Leases	
	Principal	Interest
<b>Governmental activities:</b>		
2023	\$ 42,566	1,200
<b>Total governmental activities</b>	<b>\$ 42,566</b>	<b>1,200</b>

As of September 30, 2022, the cost of the vehicles under finance leases for governmental activities was \$376,785 and accumulated depreciation for those assets was \$143,179. Annual amortization expense is included in depreciation expense.

**D. Right-of-use Asset Leases**

The City has entered into lease agreements as lessee.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
<b>Governmental activities:</b>					
Copier	3.25%	10/1/2021	2/1/2024	\$ 7,743	4,613
Copier	4.75%	10/1/2021	7/1/2026	19,296	18,219
				<b>\$ 27,039</b>	<b>22,832</b>

Note: Issue date reflects GASB No. 87 implementation date.

The following is a schedule by years of the total payments due on this debt:

Year Ending September 30,	Right-of-use Asset Leases	
	Principal	Interest
<b>Governmental activities:</b>		
2023	\$ 7,672	872
2024	6,033	565
2025	4,879	328
2026	4,248	93
<b>Total governmental activities</b>	<b>\$ 22,832</b>	<b>1,858</b>

**E. Legal Debt Margin**

Per Section 21-33-303 Miss. Code Ann. (1972), the City cannot issue bonds in an amount which, when added to the then outstanding bonded indebtedness of the City shall not exceed fifteen percent of the assessed value of taxable property according to the last completed assessment for taxation. In computing bonded indebtedness, there may be deducted all bonds issued for school, water, sewage systems, gas, light and power purposes. However, in no case shall the total indebtedness exceed twenty percent of all assessed value of the property.

The City's legal debt limit for general obligation bonds is \$21,546,997. At September 30, 2022, the City's legal debt margin, after reduction for outstanding general obligation notes of \$50,000, was \$21,496,997.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 7. INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2022 are as follows:

<b>TRANSFERS OUT:</b>	<b>TRANSFERS IN:</b>				<b>Total</b>
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		
	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>Port and Harbor Fund</b>	
<b>Business-type activities:</b>					
Water and Sewer	\$ 330,203	43,766	-	-	373,969
<b>Total</b>	<b>\$ 330,203</b>	<b>43,766</b>	<b>-</b>	<b>-</b>	<b>373,969</b>

Transfers are used to (a) move revenues from the fund that statute or budget requires collecting to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**NOTE 8. MANAGEMENT FEES**

The City's Water and Sewer Fund and Port and Harbor Fund (proprietary fund types) pay a management fee to the general fund to cover various costs such as administrative salaries, occupancy costs, etc. Such fees totaled \$332,802 for the year ended September 30, 2022. The fees were included in "charges for services" general government program revenue in the Statement of Activities and in the general fund Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. The corresponding expenditure was included in "expenses" in the water and sewer (\$300,000) and port and harbor (\$32,802) funds in the Statement of Activities and "contractual services" expenditures in the water and sewer and port and harbor funds in the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.

**NOTE 9. PROPERTY TAX**

Property tax is levied on the assessed (appraised) value as compiled by the Harrison County Tax Assessor for all real and business personal property located in the City. The assessment roll is approved and the levy is set before September 30 following a series of public hearings to receive citizen objections. Resulting taxes are due on or before February 1. State law requires the municipality to exercise its taxing authority for the benefit of other governing authorities, which are not a part of the reporting entity. Accordingly, taxes for the Long Beach School District are also billed and collected by Harrison County and remitted to the City for disbursement to the School District.

Included in revenues are taxes for automobile tags, which are assessed and collected by Harrison County. Such taxes, less a collection fee, are remitted to the City monthly.

Property tax revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue.

Increases in taxes are generally limited by State law to 10% of the taxes collected for the prior assessment year, excluding taxes from property added to the tax assessment rolls in the current year.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 9. PROPERTY TAX (continued)**

The City is required by law to assess and collect taxes necessary for operation of the Long Beach School District (LBSD) and for service of certain related debt. LBSD provides services to residents of inside and outside the geographic boundaries of the City and has a separate appointed and/or elected board. The School District is not included as a component unit of the City's financial reporting entity because the City does not have the ability to exercise control over school operations or approve budgets.

For the year ended September 30, 2022, the City's 2022 tax rate was as follows:

Ad Valorem Tax Levy	MILLS
<b><u>For the Municipality:</u></b>	
General Fund	47.21
City Bonds and Interest	1.77
<b>Total levy of taxes for municipal purposes</b>	<b>48.98</b>
 <b><u>For the Long Beach Public School District:</u></b>	
District maintenance funds	55.00
School bond debt service	13.70
School building program	3.00
Costs of tax collection	0.67
<b>Total levy of taxes for school purposes</b>	<b>72.37</b>
<b>Total levy of ad valorem taxes for municipal and school district purposes</b>	<b>121.35</b>

**NOTE 10. PENSIONS**

**A. Defined Benefit Pension Plan**

***Plan Description***

The City of Long Beach, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at [www.pers.ms.gov](http://www.pers.ms.gov).

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 10. PENSIONS (continued)**

***Benefits Provided***

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 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 3.0 percent compounded for each fiscal year thereafter.

***Contributions***

PERS members are required to contribute 9.00% of their annual covered salary and the City of Long Beach, Mississippi is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2022 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

The City of Long Beach, Mississippi's contribution to PERS for the year ended September 30, 2022, 2021, and 2020 was \$938,607, \$853,853, and \$833,810 respectively, which equal to 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, 2022, the City reported a liability of \$16,466,911 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.08 percent, which is a 0.01 increase from its proportion measured as of June 30, 2021.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 10. PENSIONS (continued)**

For the year ended September 30, 2022, the City recognized pension expense of \$1,957,424. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Annual Changes</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 233,161	-
Net difference between projected and actual earnings on pension plan investments	864,921	-
Changes of assumptions	569,526	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	1,301,747	-
The City contributions subsequent to the measurement date	<u>232,246</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,201,601</u></b>	<b><u>-</u></b>

\$232,246 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30,</u>	<u>Pension Expense</u>
2023	\$ 1,004,391
2024	862,244
2025	209,180
2026	893,540
2027	-
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ 2,969,355</u></b>

***Actuarial assumptions***

The total pension liability in the June 30, 2021 actuarial valuation, measured at June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	2.65-17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

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 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 are based on the experience investigation for the four-year period ending June 30, 2020.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 10. PENSIONS (continued)**

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<b>Asset class</b>	<b>Target Allocation</b>	<b>Long-term expected real rate of return</b>
Domestic equity	27.00 %	4.60 %
International equity	22.00	4.50
Global equity	12.00	4.80
Debt securities	20.00	(0.25)
Real estate	10.00	3.75
Private equity	8.00	6.00
Cash equivalents	1.00	(1.00)
<b>Total</b>	<u>100.00 %</u>	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). 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 presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<b>1% Decrease (6.55%)</b>	<b>Current Discount Rate (7.55%)</b>	<b>1% Increase (8.55%)</b>
The City's proportionate share of the net pension liability	\$ 21,491,001	16,466,911	12,324,805

***Pension plan fiduciary net position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 10. PENSIONS (continued)**

**B. Deferred Compensation Plan**

The City, through PERS, offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The assets of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. The requirements of Internal Revenue Code Section 457(g) prescribes that the City does not own the amounts deferred by employees, including the related income on those amounts. Additionally, the City does not have fiduciary accountability for the plan. Accordingly, the assets and the liability for compensation deferred by plan participants, including earnings on plan assets, are not included in the City's financial statements.

**NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan - Long Beach Public Library**

***Plan description***

State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.



**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

***Benefits provided***

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

***Contributions***

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. The City's contributions to OPEB for the year ended September 30, 2022 was \$931, which was equal to the required contributions for the year.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB***

At September 30, 2022, the City reported a liability of \$22,857 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the City's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2022, the City's proportion was 0.0046 percent, which was a 0.0001 increase from its proportion measured as of June 30, 2021.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

For the year ended September 30, 2022, the City recognized OPEB expense of \$(2,803). At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 19	9,903
Changes of assumption	3,565	2,116
Net difference between projected and actual earnings on OPEB plan investments	2	-
Changes in proportion and differences between City's contributions and proportionate share of contributions	1,123	38
<b>Total</b>	<b>\$ 4,709</b>	<b>12,057</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ending September 30, :</b>	<b>Amount</b>
2019	\$ (1,780)
2024	(1,466)
2025	(1,730)
2026	(1,355)
2027	(726)
Thereafter	(291)
<b>Total</b>	<b>\$ (7,348)</b>

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

***Actuarial assumptions***

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.65-17.90%, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, Net of OPEB Plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2029

Mortality rates were based on 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 for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

***Discount rate***

The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37%. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

The trust was established on June 28, 2018, with an initial contribution of \$1,000,000. As of June 30, 2022, the trust has \$1,049,208. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2021 and the June 30, 2022 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2022 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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

The following presents the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.37%) or 1-percentage-point higher (4.37%) than the current discount rate:

	<b>1% Decrease (2.37%)</b>	<b>Current Discount Rate (3.37%)</b>	<b>1% Increase (4.37%)</b>
Net OPEB Liability	\$ 25,180	22,857	20,862

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates Current</b>	<b>1% Increase</b>
Net OPEB Liability	\$ 21,267	22,857	24,646

***OPEB plan fiduciary net position***

The fiduciary net position for the OPEB plan was \$1,049,208 as of June 30, 2022, the measurement date. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB financial report.

**NOTE 12. COMMITMENTS AND CONTINGENCIES**

**A. Contract Commitments**

***Construction Contracts***

The City has entered into various construction contracts for infrastructure improvements with an estimated remaining commitment of \$10,655,096. The majority of these commitments are being funded by various state and federal grants. See Note 4 for more detailed information on these commitments.

***Service Contracts***

The City contracts with private contractors for various services. The following represents a significant service commitment as of September 30, 2022:

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 12. COMMITMENTS AND CONTINGENCIES (continued)**

On January 17, 2007, the City entered into a service contract with Utility Partners, LLC dba UP Group, LLC, to provide professional utility management, operations, and maintenance services for the City's Public Works operations, consisting of the following departments: Utility Billing, Water & Sewer Operations, Street and Drainage, Vehicle Maintenance, and Parks & Recreation. The contract has been renewed several times with the latest renewal being on December 1, 2021. The new agreement extended the term for four years dating through November 30, 2025, with the following base fees remaining as of September 30, 2022:

Year Ending September 30,	Base Fee
2023	\$ 2,400,841
2024	2,445,247
2025	2,490,494
<b>Total</b>	<b>\$ 7,336,582</b>

Payment terms are 1/12th of the base fee due by the 15th of each month. Payments under the service contract totaled \$2,357,232 for the year ended September 30, 2022, and are included in water and sewer operating expenses, contractual services in the Statement of Revenues, Expenses, and Changes in Fund Net Position proprietary funds.

**B. Grants and Awards**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed by management to be material.

**C. Litigation**

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

**D. 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. The City is covered for significant losses through commercial insurance carriers except for the following self-insurance funds as noted below, which are covered through self-insurance risk pools.

***Self-Insurance - Workers Compensation Fund***

The City is a member of the Mississippi Municipal Workers' Compensation Group, Inc. This non-profit corporation is a self-insurance worker's compensation fund organized under the non-profit laws of the State of Mississippi. The group is self-insured under statutory workers compensation protection up to \$1,000,000. Members are jointly and severally liable for the obligations of the group. The possibility of additional liability exists, but that amount, if any, cannot be determined.

***Unemployment Insurance***

In lieu of making payments to the Mississippi Department of Employment Security (MDES), the City makes deposits into a bank account designated for unemployment compensation of an amount equal to 2% of the first \$14,000 of covered employee wages paid in the preceding calendar year. The total funds designated were \$49,335 and exceeded the requirement of \$38,846. The amount of contingent liability, if any, the City could be obligated for cannot be determined.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 13. RELATED-PARTY TRANSACTIONS**

No known transactions requiring disclosure occurred between the City and its employees or elected officials.

**NOTE 14. JOINT VENTURE**

The City is a member of the Harrison County Utility Authority (Authority), which was established by an act of the Mississippi Legislature to provide for adequate wastewater treatment and solid waste disposal services to the citizens of Harrison County, Mississippi. The governing board is comprised of one member from each of the cities and county who are members of the Authority. Through a fifty-year contract, the City is obligated to pay monthly, its pro-rata share of all operating, administrative, and capital costs of the Authority. Additionally, the City is jointly and severally liable for all of the liabilities of the Authority. The Authority is classified as a joint venture between the City and the other members.

The following is a synopsis of the Authority's financial statements as of and for the year ended September 30, 2022, a complete copy of which is on file at the administrative offices of the Authority which are located at 10271 Express Drive, Gulfport, Mississippi 39503, or may be obtained by calling (228) 868-8752.

**STATEMENT OF NET POSITION**

<b>ASSETS</b>	
Current assets	\$ 14,060,594
Capital assets, net	<u>200,187,788</u>
<b>Total assets</b>	<u>214,248,382</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	<u>702,351</u>
 <b>LIABILITIES</b>	
Current liabilities	16,779,160
Noncurrent liabilities	<u>86,210,346</u>
<b>Total liabilities</b>	<u>102,989,506</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
	<u>397,933</u>
 <b>NET POSITION</b>	 <u><u>\$ 111,563,294</u></u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**

Operating revenues	\$ 22,313,598
Operating expenses	(36,893,831)
Non-operating revenue (expenses)	<u>6,454,247</u>
<b>Change in net position</b>	<u><u>\$ (8,125,986)</u></u>

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 15. TAX ABATEMENTS**

The abatements may be granted to any business located within or promising to relocate to the City within the Central Business District and any residence placated within certain Residential Renewal Districts.

As permitted by the City of Long Beach's ordinance 639, the City enters into property tax abatement agreements with local businesses and residents under the state tax exempt provisions of Section 27-31-31 and Section 27-31-32 of MCA. Under the Plan, the City may grant property tax abatements of all municipal ad valorem taxes, excluding ad valorem for school districts, for a period of not more than seven years, for new structures or improvements to or renovations of existing structures located in the Central Business Districts of the municipality for businesses or the Residential Renewal Districts for residences. Qualifications for exemption under the City's ordinance 639:

As required by statute, only new structures with over a minimum of \$500,000 in qualifying improvements found to be aiding and implementing the promotion of business or commerce in the designated district may qualify for an exemption under this ordinance. For residences, a minimum of \$400,000 in qualifying improvements in the designated district may qualify for an exemption under this ordinance.

No exemption shall be granted except upon written application to the City Clerk, and upon the adoption of a resolution by the Board of Aldermen finding that the construction, renovation or improvement of the subject property is for the promotion of business and commerce and/or historic preservation in the Central Business Districts or for new structures or improvements to or renovations of existing structures located in the Residential Renewal Districts. The Board of Aldermen shall have sole discretion to approve each and every qualifying and conforming application for tax exemption.

The increase in assessed value qualifying for the tax exemption shall be calculated by taking the assessed value of the improvements (if any) on the parcel for the year prior to the renovation, reconstruction, or new construction, and subtracting it from the assessed value of the completed improvements as they appear on the Harrison County Land Roll (after completion and reassessment). Also to be excluded is the proportion of the new assessed valuation attributable, in the judgment of the Board of Alderman, to non qualifying improvements, if any. The tax rate applicable to the land and the assessed value of the land shall not be affected by this program, nor shall the land be exempt from municipal taxation. As provided by the statute, the qualifying improvements shall not be exempt from school district taxes.

The City negotiates property tax abatement agreements on an individual basis. As of September 30, 2022, the City has no tax abatement agreements.

**NOTE 16. INSURANCE LOSS RECOVERIES**

The City received \$222,212 in insurance loss recoveries related to impairment of capital assets during the year ended September 30, 2022. In the government-wide Statement of Activities, the insurance loss recoveries related to governmental activities were reported as general government charges for services. Insurance recoveries related to business-type activities were reported as miscellaneous revenues.

**NOTE 17. UNCERTAINTIES**

A novel strain of Coronavirus (COVID-19) spread across the world and was declared a pandemic by the World Health Organization on March 11, 2020. As a result of the spread of COVID-19, economic uncertainties have arisen. The extent of the impact of COVID-19 on operational and financial performance will depend on the duration and spread of the outbreak.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 18. EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The unrestricted net position amount of \$3,845,259 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$232,246 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$2,969,355 balance of deferred outflow of resources, at September 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of \$3,845,259 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. The \$4,709 balance of deferred outflow of resources, at September 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of \$3,845,259 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$12,057 balance of deferred inflow of resources at September 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 5 years.

The unrestricted net position amount of \$3,845,259 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from property tax revenue. The \$7,038,230 balance of deferred inflow of resources at September 30, 2022 will be recognized as a revenue and will increase the unrestricted net position in the year ended September 30, 2022.

The unrestricted net position amount of \$3,845,259 includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases receivable. The \$698,352 balance of deferred inflow of resources at September 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 20 years.

**NOTE 19. PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$(15,600) was made to correct September 30, 2021 net position related to the overstatement of fixed assets related to governmental activities.

Net position, September 30, 2021 as originally presented	\$ 81,111,970
To correct overstatement of fixed assets	(15,600)
<b>Net position as restated, September 30, 2021</b>	<b><u>\$ 81,096,370</u></b>

**NOTE 20. SUBSEQUENT EVENTS**

Events that occur after the statement of net assets date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the City evaluated the activity of the City through June 28, 2023, (the date the financial statements were available to be issued) and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)**  
**GENERAL FUND**  
For the Year Ended September 30, 2022  
(UNAUDITED)

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Over (Under)</b>
<b>Resources (inflows):</b>				
Taxes	\$ 8,371,120	8,371,120	8,540,615	169,495
Licenses and permits	1,049,750	1,049,750	1,069,802	20,052
Grants	805,994	805,994	1,719,839	913,845
Inter-governmental revenues	415,400	426,200	484,243	58,043
Charges for services	387,502	387,502	395,615	8,113
Fines and forfeitures	468,644	468,644	542,492	73,848
Interest	150,000	150,000	70,590	(79,410)
Miscellaneous	<u>78,230</u>	<u>81,382</u>	<u>177,274</u>	<u>95,892</u>
<b>Amounts available for appropriations</b>	<b>\$ <u>11,726,640</u></b>	<b><u>11,740,592</u></b>	<b><u>13,000,470</u></b>	<b><u>1,259,878</u></b>

The notes to the supplementary information are an integral part of this schedule.

**CITY OF LONG BEACH, MISSISSIPPI**  
**BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)**  
**GENERAL FUND**  
For the Year Ended September 30, 2022  
(UNAUDITED)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
<b>Charges to appropriations (outflows):</b>				
<i>General Government</i>				
Personnel services	\$ 501,840	498,053	473,997	(24,056)
Supplies	12,900	17,900	14,295	(3,605)
Other charges	262,575	261,362	1,044,820	783,458
Capital outlay	114,566	1,834,950	2,084,349	249,399
<i>General Administration</i>				
Personnel services	222,668	222,668	211,053	(11,615)
Supplies	42,300	42,201	32,994	(9,207)
Other charges	1,125,150	1,490,927	1,343,307	(147,620)
Capital outlay	7,000	7,014	-	(7,014)
<i>Police</i>				
Personnel services	3,382,118	3,257,118	2,986,289	(270,829)
Supplies	283,440	332,400	415,834	83,434
Other charges	283,952	294,752	182,222	(112,530)
Capital outlay	219,502	455,825	294,188	(161,637)
<i>Fire</i>				
Personnel services	2,666,449	2,666,449	2,619,777	(46,672)
Supplies	104,400	166,130	168,186	2,056
Other charges	71,000	71,000	50,318	(20,682)
Capital outlay	-	52,483	36,257	(16,226)
<i>Planning and Zoning</i>				
Personnel services	226,122	226,122	184,096	(42,026)
Supplies	11,000	11,000	10,154	(846)
Other charges	25,724	25,724	21,392	(4,332)
Capital outlay	30,000	32,860	33,852	992
<i>Public works</i>				
Supplies	152,525	170,485	155,638	(14,847)
Other charge	773,223	798,552	711,997	(86,555)
Capital outlay	1,825	1,825	-	(1,825)
<i>Culture &amp; Recreation</i>				
Personnel services	667,474	687,474	617,044	(70,430)
Supplies	144,160	169,440	161,696	(7,744)
Other charges	933,741	91,871	53,688	(38,183)
Capital projects	-	85,785	85,785	-
<i>Grants &amp; Economic Development</i>				
Supplies	-	30,333	27,543	(2,790)
Other charges	-	488,022	466,271	(21,751)
<b>Total charges to appropriations</b>	<u>12,265,654</u>	<u>14,490,725</u>	<u>14,487,042</u>	<u>(3,683)</u>
Excess (deficiency) of revenues over expenditures	(539,014)	(2,750,133)	(1,486,572)	1,263,561
<b>Other Financing Sources (Uses):</b>				
Other financing sources	15,000	15,000	61,124	46,124
Transfers (out)	38,585	45,591	330,203	284,612
Total other financing sources (uses)	<u>53,585</u>	<u>60,591</u>	<u>391,327</u>	<u>330,736</u>
<b>Net change in fund balance</b>	<u>\$ (485,429)</u>	<u>(2,689,542)</u>	(1,095,245)	<u>1,594,297</u>
<b>Fund balance - beginning</b>			<u>1,489,161</u>	
<b>Fund balance - end of year</b>			<u>\$ 393,916</u>	

The notes to the supplementary information are an integral part of this schedule.

**CITY OF LONG BEACH, MISSISSIPPI**  
BUDGETARY COMPARISON SCHEDULE (Budgetary Basis)  
GENERAL FUND  
For the Year Ended September 30, 2022  
(UNAUDITED)

**Differences between budgetary and GAAP fund balance:**

Fund Balance, end of year (Budgetary Basis)	\$ 393,916
Accruals for expenses incurred but not paid	(465,579)
Accruals for revenues recognized but not yet received	<u>980,319</u>
Fund Balance, end of year (GAAP)	<u><u>\$ 908,656</u></u>

The notes to the supplementary information are an integral part of this schedule.

**CITY OF LONG BEACH, MISSISSIPPI**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY\***  
Public Employees Retirement System of Mississippi  
Last 10 Fiscal Years (Only 8 Years Shown)\*\*  
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.08 %	0.07 %	0.07 %	0.07 %	0.07 %	0.07 %	0.07 %	0.07 %
City's proportionate share of the net pension liability (asset)	\$16,466,911	10,346,306	13,551,186	12,314,354	11,643,080	11,636,375	12,503,748	10,820,620
City's covered payroll	\$ 5,284,146	4,888,308	4,770,150	4,627,669	4,681,900	4,616,044	4,495,490	4,425,661
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	311.63 %	211.65 %	284.08 %	266.10 %	248.68 %	252.09 %	278.14 %	244.50 %
Plan fiduciary net position as a percentage of the total pension liability	59.93 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented.

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The notes to required supplementary information are an integral part of this schedule.

**CITY OF LONG BEACH, MISSISSIPPI**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS - (PERS)**  
**Public Employees Retirement System of Mississippi**  
**Last 10 Fiscal Years (Only 8 Years Shown)\*\***  
**(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 938,607	853,853	833,810	758,435	728,683	731,156	715,422	698,259
Contributions in relation to the contractually required contribution	<u>(938,607)</u>	<u>(853,853)</u>	<u>(833,810)</u>	<u>(758,435)</u>	<u>(728,683)</u>	<u>(731,156)</u>	<u>(715,422)</u>	<u>(698,259)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 5,394,279	4,907,185	4,792,006	4,691,432	4,626,553	4,642,258	4,542,363	4,433,393
Contributions as a percentage of covered payroll	17.40 %	17.40 %	17.40 %	16.17 %	15.75 %	15.75 %	15.75 %	15.75 %

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The notes to required supplementary information are an integral part of this schedule.

**CITY OF LONG BEACH, MISSISSIPPI**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE**  
**NET OPEB LIABILITY\***  
**Other Postemployment Benefits (OPEB)**  
**Last 10 Fiscal Years (Only 5 Years Shown)\*\***  
**(UNAUDITED)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability	0.0046 %	0.0045 %	0.0045 %	0.0045 %	0.0044 %
City's proportionate share of the net OPEB liability	\$ 22,857	39,446	35,038	38,271	34,153
City's covered-employee payroll	\$ 191,377	181,900	174,514	174,908	170,806
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.94 %	21.69 %	20.08 %	21.88 %	20.00 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.21 %	0.16 %	0.13 %	0.12 %	0.13 %

\*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented.

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The notes to required supplementary information are an integral part of this schedule.



**CITY OF LONG BEACH, MISSISSIPPI**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS - (OPEB)**  
 Other Postemployment Benefits (OPEB)  
 Last 10 Fiscal Years (Only 5 Years Shown)\*\*  
 (UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 931	1,183	1,397	1,534	1,477
Contributions in relation to the contractually required contribution	<u>(931)</u>	<u>(1,183)</u>	<u>(1,397)</u>	<u>(1,534)</u>	<u>(1,477)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 200,062	178,704	172,509	175,844	168,037
Contributions as a percentage of covered-employee payroll	0.47 %	0.66 %	0.81 %	0.87 %	0.88 %

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The notes to required supplementary information are an integral part of this schedule.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended September 30, 2022  
(UNAUDITED)

**NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

**A. Budgets and Budgetary Accounting**

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, during September, a budget is prepared by the City's management and submitted to the Board of Aldermen for approval. The completed budget for the fiscal year includes for all funds every source of revenue, each general item of expenditure, and unencumbered cash and investment balances. On a periodic basis, as required by changing conditions, the budgeted amounts are amended.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP, Cash Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP, Cash Basis) and variance between the final budget and the actual amounts. The schedule is presented for the General Fund of the City. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP, Cash Basis) is a part of required supplemental information.

**B. Excess of Expenditures over Appropriations (Budget)**

There were no expenditures, excluding capital outlay, elections expenses, and payment of emergency warrants, in excess of appropriations (budget) for the fiscal year ended September 30, 2022.

**NOTE 2. PENSION SCHEDULES**

**A. Changes of Assumptions**

**2018:** None

**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%.

**CITY OF LONG BEACH, MISSISSIPPI**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended September 30, 2022  
(UNAUDITED)

**NOTE 2. PENSION SCHEDULES (continued)**

**2020:** None

**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 in the line of duty was decrease from 6% to 4%.

**B. Changes in Benefit Provisions**

**2017-2022:** None

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended September 30, 2022  
(UNAUDITED)

**NOTE 2. PENSION SCHEDULES (continued)**

**C. 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, 2020 valuation for the June 30, 2022 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	28.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**NOTE 3. OPEB SCHEDULES**

**A. Changes of Assumptions**

**2017:** The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

**2018:** The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

**2019:** The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

**2020:** The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

**2021:** The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.

**2022:** The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

**B. Changes in Benefit Provisions**

**2017:** None.

**2018:** None.

**2019:** None.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended September 30, 2022  
(UNAUDITED)

**NOTE 3. OPEB SCHEDULES (continued)**

**2020:** The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

**2021:** The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

**2022:** The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

**C. Method and assumptions used in calculations of actuarially determined contributions**

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from June 30, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75 percent
Salary increases, including wage inflation	3.00 percent to 18.25 percent
Initial health care cost trend rate	
Medicare Supplemental Claims Pre-Medicare	6.50 percent
Ultimate health care cost trend rates	
Medicare Supplemental Claims Pre-Medicare	4.75 percent
Years of ultimate trend rates	
Medicare Supplemental Claims Pre-Medicare	2030
Long-term investment rate of return, net of pension plan investment expense, including price inflation	2.13 percent

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## **OTHER SUPPLEMENTARY INFORMATION**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS**  
For the Year Ended September 30, 2022  
(UNAUDITED)

<u>Name</u>	<u>Position</u>	<u>Amount</u>	<u>Expires</u>
George L. Bass	Mayor	\$ 100,000	6/30/2023
Various/each	Aldermen	100,000	6/30/2023
William Seal	Chief of Police	50,000	10/1/2023
Stacey Dahl	City Clerk	50,000	7/1/2023
Kini Gonsoulin	Comptroller	50,000	8/16/2023
Various/each	Police	25,000	7/1/2023
Various/each	Deputy Clerks	50,000	8/16/2023

**CITY OF LONG BEACH, MISSISSIPPI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor No./ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Direct Program</i>			
Watershed Protection and Flood Prevention	10.904	N/A	\$ 533,750
<b>Total U.S. Department of Agriculture</b>			<u>533,750</u>
<b><u>U.S. Department of Interior</u></b>			
<i>Passed through Mississippi Department of Marine Resources</i>			
<b>Gulf of Mexico Energy Security Act</b>	15.435	N/A	10,830
<i>Total Mississippi Department of Marine Resources</i>			<u>10,830</u>
<b>Total U.S. Department of Interior</b>			<u>10,830</u>
<b><u>U.S. Department of Justice</u></b>			
<i>Direct Program</i>			
Justice Assistance Grant	16.592	20LB2981	3,750
Coronavirus Emergency Supplement Fund - COVID-19	16.034	20LX2981	9,723
<b>Total U.S. Department of Justice</b>			<u>13,473</u>
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed through Mississippi Department of Transportation</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STP-0295-00(020)	1,968
<b>Total Highway Planning and Construction Cluster:</b>			<u>1,968</u>
Highway Safety Cluster			
Police Traffic Services Grants	20.600	PT-2022-PT-20-31	19,850
<b>Total Highway Safety Cluster:</b>			<u>19,850</u>
<i>Total Passed through Mississippi Department of Transportation</i>			<u>21,818</u>
<b>Total U.S. Department of Transportation</b>			<u>21,818</u>
<b><u>U.S. Department of the Treasury</u></b>			
<i>Direct Program</i>			
American Rescue Plan Act - COVID-19	21.027	N/A	377,242
<i>Passed through Mississippi Department of Environmental Quality</i>			
American Rescue Plan Act - COVID-19	21.027	N/A	377,242
<i>Total Passed through Mississippi Department of Environmental Quality</i>			<u>377,242</u>
<b>Total U.S. Department of the Treasury</b>			<u>754,484</u>
<b><u>National Endowment for the Humanities</u></b>			
<i>Passed through Mississippi Library Commission</i>			
Grants to States	45.310	N/A	8,668
<i>Total Passed through Mississippi Library Commission</i>			<u>8,668</u>
<b>Total National Endowment for the Humanities</b>			<u>8,668</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through State of Mississippi Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	507,971
Hazard Mitigation Grant Program	97.039	N/A	562,341
<i>Total Passed through State of Mississippi Emergency Management Agency</i>			<u>1,070,312</u>
<b>Total U.S. Department of Homeland Security</b>			<u>1,070,312</u>
<b><u>Executive Office of the President</u></b>			
<i>Direct Award</i>			
High Intensity Drug Task Force	95.001	N/A	23,257
<b>Total Executive Office of the President</b>			<u>23,257</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>2,436,592</u></b>

The notes to the supplementary information are an integral part of this schedule.

**CITY OF LONG BEACH, MISSISSIPPI**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
For the Year Ended September 30, 2022

**NOTE 1. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**A. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2022. 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.

**B. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**C. Indirect Cost Rate**

The City has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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## **REPORTS ON COMPLIANCE AND INTERNAL CONTROL**

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**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**

To the Honorable Mayor and Members of the Board of Aldermen  
City of Long Beach, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Long Beach, Mississippi, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Long Beach, Mississippi's basic financial statements and have issued our report thereon dated June 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Long Beach, Mississippi's internal control over financial reporting (internal control) to determine the 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 City of Long Beach, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Long Beach, Mississippi's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Long Beach, 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 determination of financial statement amounts. 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



America Counts on CPAs

**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***

**Page 2**

**Purpose of this Report**

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

*Walfe, McDuff + Oppie*

Pascagoula, Mississippi  
June 28, 2023





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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the Board of Aldermen  
City of Long Beach, Mississippi

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Long Beach, 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 Long Beach, Mississippi's major federal programs for the year ended September 30, 2022. The City of Long Beach, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Long Beach, 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Long Beach, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Long Beach, Mississippi's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Long Beach, Mississippi's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Long Beach, Mississippi's compliance based on our audit.

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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**  
**Page 2**

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Long Beach, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Long Beach, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Long Beach, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Long Beach, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over  
Compliance Required by the Uniform Guidance  
Page 3**

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.

*Walfe, McDuff + Oppi*  
Pascagoula, Mississippi  
June 28, 2023

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

To the Honorable Mayor and Members of the Board of Aldermen  
City of Long Beach, Mississippi

We have audited the accompanying financial statements of the City of Long Beach, Mississippi as of and for the year ended September 30, 2022, and have issued our report dated June 28, 2023. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the basic financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended 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.

*Wolfe, McDuff + Oppie*

Pascagoula, Mississippi  
June 28, 2023

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**CITY OF LONG BEACH, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2022

**Section I: Summary of Auditor's Results**

**Financial Statements:**

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:                      | Unmodified    |
| 2. Internal controls over financial reporting:           |               |
| a. Material weakness(es) identified?                     | No            |
| b. Significant deficiency(ies) identified?               | None reported |
| 3. Noncompliance material to financial statements noted? | No            |

**Federal Awards:**

- |   |                   |
|---|-------------------|
| 4. Internal control over major programs:  |                   |
| a. Material weakness(es) identified?  | No                |
| b. Significant deficiency(ies) identified?  | None reported     |
| 5. Type of auditor's report issued on compliance for major programs:                                  | Unmodified        |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No                |
| 7. Identification of major programs:  |                   |
| <u>Name of Federal Program or Cluster</u>   | <u>ALN Number</u> |
| American Rescue Plan Act - COVID-19   | 21.027            |
| 8. Dollar threshold used to distinguish between type A and type B programs:                           | \$750,000         |
| 9. Auditee qualified as low-risk auditee?   | Yes               |

**Section II: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

**Section III: Federal Award Findings and Questioned Costs**

The results of our tests did not disclose any findings and questioned costs related to the federal awards.