

GOING FURTHER

**MISSISSIPPI STATE PORT AUTHORITY
AT GULFPORT
(AN AGENCY OF THE STATE OF MISSISSIPPI)**

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 AND 2024



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INTRODUCTORY SECTION

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

List Of Officials

BOARD OF COMMISSIONERS

		Term
Cowles Symmes	President	12/2025
Mark Loughman	Vice-President	12/2026
Robert Knesal	Secretary	12/2027
Kate Dennis Spear	Treasurer	12/2028
James Moody	Commissioner	12/2029

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Jon Nass

DIRECTOR OF FINANCE

Todd D. Harman, CPA

FINANCIAL SECTION



Independent Auditor's Report

Board of Commissioners
Mississippi State Port Authority at Gulfport
(an Agency of the State of Mississippi)
Gulfport, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mississippi State Port Authority at Gulfport (an Agency of the State of Mississippi) (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Authority as of June 30, 2024, were audited by another firm, whose report dated November 26, 2024, expressed an unmodified opinion on those statements. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the Authority. Accordingly, we do not express an opinion or provide any other form of assurance on the June 30, 2024 financial statements as a whole.

Basis for Opinion

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 Authority 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 opinion.

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 Authority'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 opinion. 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. 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 Authority'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 Authority'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 (on pages 4 through 7) and the pension and OPEB related schedules (on pages 40 through 42) 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.

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 opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Houston, Texas
January 26, 2026

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Management's Discussion and Analysis

This section of the Mississippi State Port Authority at Gulfport's (an Agency of the State of Mississippi) (the "Authority"), annual financial report presents a narrative overview and analysis of the Authority's financial performance during its most recent fiscal year, which ended June 30, 2025, with comparative data for the fiscal years 2024 and 2023. The discussion is intended to assist readers in focusing on the significant financial issues and activities of the Authority and to identify any significant changes in financial position. All presented amounts are in thousands. We encourage readers to consider the information contained in this discussion in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

2025 vs. 2024 (in thousands)

The Authority's operating revenue was \$29,963 during fiscal year 2025, compared to \$27,724 in the prior fiscal year. Fiscal year 2025 operating expenses (excluding depreciation) of \$14,049 were approximately 6% lower than the previous fiscal year of \$14,978. Depreciation expense decreased to \$19,497 compared to \$19,507 in the prior year. As a result, the Authority had an operating loss of (\$3,584) for the fiscal year ended June 30, 2025, compared to the operating loss of (\$6,761) for the previous fiscal year. The Authority recognized net non-operating revenue of \$19,158 in fiscal year 2025, compared to net non-operating revenue of \$10,135 in the prior year. At the close of fiscal year 2025, the Authority had a net position of \$737,558, compared to a net position of \$721,984 in the prior year.

2024 vs. 2023 (in thousands)

The Authority's operating revenue was \$27,724 during fiscal year 2024, compared to \$28,407 in the prior fiscal year. Fiscal year 2024 operating expenses (excluding depreciation) of \$14,978 were approximately 9% lower than the previous fiscal year of \$16,516. Depreciation expense increased to \$19,507 compared to \$18,750 in the prior year. As a result, the Authority had an operating loss of (\$6,761) for the fiscal year ended June 30, 2024, compared to the operating loss of (\$6,859) for the previous fiscal year. The Authority recognized net non-operating revenue of \$10,135 in fiscal year 2024, compared to net non-operating revenue of \$7,340 in the prior year. At the close of fiscal year 2025, the Authority had a net position of \$721,984, compared to a net position of \$718,609 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion is to introduce the Authority's financial statements. Since the Authority is engaged in a single business-type activity only, no fund level statements are shown. The basic financial statements also include notes essential to a full understanding of the statements.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference reported as net position. The Statement of Revenues, Expenses and Changes in Net Position shows how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of when cash flows may take place. As a result, some revenues and expenses in this statement are reported for items that will result in cash flows in future fiscal periods. The Statement of Cash Flows represents cash and cash equivalent activity for the fiscal year, resulting from operating, non-capital financing, capital financing, and investing activities. The net result of these activities is added to the beginning balance of cash and cash equivalents to reconcile to the ending balance of cash and cash equivalents at the end of the fiscal year.

Taken together, these financial statements demonstrate how the Authority's net position has changed. Net position is one way of assessing the Authority's current financial condition. Increases or decreases in net position are good indicators of whether the Authority's financial health is improving or deteriorating over time. Other non-financial factors, such as economic impact to the State of Mississippi's economy, are important in evaluating the Authority's overall financial condition.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Management's Discussion and Analysis

Notes to Financial Statements

The notes provide additional information and explanation that is necessary for a full understanding of the basic financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

2025 vs. 2024 (in thousands)

Net position is a key indicator of an entity's financial position. At June 30, 2025, the Authority's net position was \$737,558. This represented an increase from the prior year net of \$15,574. The Authority is engaged in a capital-intensive industry and, as such, its largest portion of net position is invested in capital assets (e.g., land, buildings, etc.).

2024 vs. 2023 (in thousands)

Net position is a key indicator of an entity's financial position. At June 30, 2024, the Authority's net position was \$721,984. This represented a change from the prior year net of \$3,374. The Authority is engaged in a capital-intensive industry and, as such, its largest portion of net position is invested in capital assets (e.g., land, buildings, etc.).

Net Position (In thousands of dollars)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 50,418	\$ 33,475	\$ 37,355
Capital assets	<u>782,039</u>	<u>783,704</u>	<u>766,313</u>
Total assets	<u>832,457</u>	<u>817,179</u>	<u>803,668</u>
Deferred outflows of resources	<u>1,983</u>	<u>2,773</u>	<u>1,977</u>
Current liabilities	<u>3,384</u>	<u>2,103</u>	<u>4,512</u>
Long-term liabilities outstanding	<u>10,456</u>	<u>11,485</u>	<u>10,500</u>
Total liabilities	<u>13,840</u>	<u>13,588</u>	<u>15,012</u>
Deferred inflows of resources	<u>83,042</u>	<u>84,380</u>	<u>72,023</u>
Net position			
Net investment in capital assets	<u>615,209</u>	<u>614,264</u>	<u>621,519</u>
Unrestricted	<u>122,349</u>	<u>107,720</u>	<u>97,091</u>
Total net position	<u>\$ 737,558</u>	<u>\$ 721,984</u>	<u>\$ 718,610</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Management's Discussion and Analysis

Revenues, Expenses and Changes in Net Position

2025 vs. 2024 (in thousands)

Operating revenues for fiscal year 2025 were \$29,963, an increase of \$2,239 when compared to the prior fiscal year. Operating expenses, including depreciation, for fiscal year 2025 were \$33,547, a decrease of (\$938) compared to the prior fiscal year. As a result, the operating loss for fiscal year 2025 was (\$3,584), as compared to an operating loss of (\$6,761) in fiscal year 2024.

The Authority experienced net non-operating revenues of \$19,158 in 2025, compared to a net non-operating revenue of \$10,135 in 2024.

As a result of the items addressed above, the Authority experienced a \$15,574 increase in net position during fiscal year 2025, compared to a \$3,374 increase for fiscal year 2024.

2024 vs. 2023 (in thousands)

Operating revenues for fiscal year 2024 were \$27,724, a decrease of (\$683) from the prior fiscal year. Operating expenses, including depreciation, for fiscal year 2024 were \$34,485, a decrease of (\$781) compared to the prior fiscal year. As a result, the operating loss for fiscal year 2024 was (\$6,761), as compared to operating loss of (\$6,859) in fiscal year 2023.

The Authority experienced net non-operating revenues of \$10,135 in 2024, compared to a net non-operating revenue of \$7,341 in 2023.

As a result of the items addressed above, the Authority experienced a \$3,374 increase in net position during fiscal year 2024, compared to a \$482 increase for fiscal year 2023.

Change in Net Position

(In thousands of dollars)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 29,963	\$ 27,724	\$ 28,407
Operating expenses	33,547	34,485	35,266
Operating loss	<u>(3,584)</u>	<u>(6,761)</u>	<u>(6,859)</u>
Non-operating income, net	<u>19,158</u>	<u>10,135</u>	<u>7,341</u>
Change in net position	<u>15,574</u>	<u>3,374</u>	<u>482</u>
Beginning net position	<u>721,984</u>	718,610	718,128
Ending net position	<u>\$ 737,558</u>	<u>\$ 721,984</u>	<u>\$ 718,610</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, land improvements, buildings, equipment, and other improvements.

2025 vs. 2024 (in thousands)

The Authority had \$616,644 net of accumulated depreciation, invested in capital assets as of June 30, 2025 compared to \$615,605 as of June 30, 2024.

2024 vs. 2023 (in thousands)

The Authority had \$615,605 net of accumulated depreciation, invested in capital assets as of June 30, 2024 compared to \$624,970 as of June 30, 2023.

Capital Assets
(net of depreciation)
(In thousands of dollars)

	2025	2024	2023
Land	\$ 132,054	\$ 132,054	\$ 132,054
Construction in progress	28,691	8,160	8,589
Buildings	132,225	135,385	131,358
Machinery and equipment	13,771	15,866	18,031
Land improvements	111,291	117,850	121,188
Infrastructure	198,113	205,492	212,651
Leasehold improvements	39	62	86
Right-to-use lease asset	460	736	1,013
Total	\$ 616,644	\$ 615,605	\$ 624,970

Economic Factors and Next Years Budget

The economic outlook for the Gulf region remains cautiously optimistic, with expected growth in cargo volume and new contracts secured with international shipping partners. Key factors influencing the Authority's financial position include changes in global trade policies, the ongoing recovery of the supply chain, and competitive pressures from other ports.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to each of those groups. Questions concerning any information included in this report or any request for additional information should be addressed to:

Authority Department of Finance
P.O. Box 40
Gulfport, Mississippi 39502

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (AN AGENCY OF THE STATE OF MISSISSIPPI)

STATEMENTS OF NET POSITION JUNE 30, 2025

ASSETS	2025	2024
Current assets		
Cash and cash equivalents	\$ 22,045,996	\$ 13,786,493
Equity in internal investment pool	752,320	741,433
Investments	16,805,999	8,859,830
Accrued interest receivable	1,280,203	1,217,491
Accounts receivable, net of allowance for uncollectible accounts	930,744	1,767,711
Leases receivable - current	3,383,400	3,134,817
Due from other State agencies	3,299,473	3,325,716
Due from other governments	1,846,997	530,038
Prepaid expenses and other current assets	72,589	111,436
Total current assets	50,417,721	33,474,965
Non-current assets		
Capital assets		
Non-depreciable	160,744,743	140,214,202
Depreciable, net of accumulated depreciation	455,899,677	475,391,122
Leases receivable - long term	83,225,649	84,132,264
Investments	82,168,823	83,966,298
Total non-current assets	782,038,892	783,703,886
Total assets	832,456,613	817,178,851
Deferred outflows of resources		
Deferred amount related to pensions	1,939,960	2,722,588
Deferred amount related to OPEB	42,985	50,419
Total deferred outflows of resources	1,982,945	2,773,007

(Continued)

LIABILITIES AND NET POSITION	2025	2024
Current liabilities		
Accounts payable	\$ 1,711,409	\$ 1,074,964
Retainage payable	874,170	35,514
Accrued salaries	52,527	67,856
Compensated absences - current portion	96,791	55,862
Lease liability - current portion	329,634	307,478
Unearned revenue	319,346	561,227
Total current liabilities	<u>3,383,877</u>	<u>2,102,901</u>
Non-current liabilities		
Compensated absences, net of current portion	138,940	222,628
Lease liability, net of current portion	231,457	561,091
Net pension liability	9,952,758	10,563,554
Net OPEB liability	132,622	137,592
Total non-current liabilities	<u>10,455,777</u>	<u>11,484,865</u>
Total liabilities	<u>13,839,654</u>	<u>13,587,766</u>
Deferred inflow of resources		
Deferred amounts related to pensions	1,263,815	510,335
Deferred amounts related to OPEB	58,232	72,267
Deferred amounts related to leases	81,719,702	83,797,359
Total deferred inflows of resources	<u>83,041,749</u>	<u>84,379,961</u>
Net position		
Net investment in capital assets	615,209,159	614,264,249
Unrestricted	122,348,996	107,719,882
Total net position	<u>\$ 737,558,155</u>	<u>\$ 721,984,131</u>

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

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (AN AGENCY OF THE STATE OF MISSISSIPPI)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Operating revenues		
Charges for services	\$ 8,416,810	\$ 6,940,780
Land and building leases	14,212,416	13,612,111
Construction reimbursement	7,333,426	7,170,718
Total operating revenues	<u>29,962,652</u>	<u>27,723,609</u>
Operating expenses		
General and administrative	4,014,797	3,948,778
Contractual services	8,409,429	9,894,165
Commodities	615,988	345,216
Pension and OPEB expense	986,008	789,606
Other services, charges, and expenses	23,083	-
Depreciation and amortization	19,497,204	19,506,541
Total operating expenses	<u>33,546,509</u>	<u>34,484,306</u>
Operating loss	<u>(3,583,857)</u>	<u>(6,760,697)</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	8,459,435	1,817,444
Interest and investment income	6,736,184	4,716,228
Interest income - leases	3,575,625	3,189,911
Transfers from other State agencies	561,630	600,464
Interest expense and other fiscal charges	(174,993)	(193,854)
Gain on disposal of capital assets	-	5,194
Total non-operating revenues (expenses), net	<u>19,157,881</u>	<u>10,135,387</u>
Change in net position	15,574,024	3,374,690
Net position, beginning of year	<u>721,984,131</u>	<u>718,609,441</u>
Net position, end of year	<u>\$ 737,558,155</u>	<u>\$ 721,984,131</u>

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

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (AN AGENCY OF THE STATE OF MISSISSIPPI)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Receipts from customers	\$ 29,138,113	\$ 27,603,745
Payments to suppliers for goods and services	(8,373,208)	(10,292,633)
Payments to employees for services	(4,145,152)	(3,917,275)
Net cash provided by operating activities	<u>16,619,753</u>	<u>13,393,837</u>
Cash flows from non-capital financing activities		
Receipts from other governments	7,142,476	1,471,988
Transfers in from other State agencies	587,873	459,483
Net cash provided by non-capital financing activities	<u>7,730,349</u>	<u>1,931,471</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(19,697,644)	(11,994,265)
Lease payments	(307,478)	(286,337)
Receipts from the disposal of assets	-	38,100
Interest paid	(174,993)	(194,721)
Net cash used in capital and related financing activities	<u>(20,180,115)</u>	<u>(12,437,223)</u>
Cash flows from investing activities		
Purchases of investments	(25,192,838)	(22,535,831)
Proceeds from maturities of investments	19,044,144	4,598,734
Interest and dividends received	10,249,097	6,842,509
Net cash provided by (used in) investing activities	<u>4,100,403</u>	<u>(11,094,588)</u>
Net change in cash and cash equivalents	<u>8,270,390</u>	<u>(8,206,503)</u>
Cash and cash equivalents		
Beginning	<u>14,527,926</u>	<u>22,734,429</u>
Ending	<u>\$ 22,798,316</u>	<u>\$ 14,527,926</u>
Classified as		
Unrestricted cash and cash equivalents	\$ 22,045,996	\$ 13,786,493
Equity in internal investment pool	752,320	741,433
	<u>\$ 22,798,316</u>	<u>\$ 14,527,926</u>

(Continued)

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (AN AGENCY OF THE STATE OF MISSISSIPPI)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (3,583,857)	\$ (6,760,697)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	19,497,204	19,506,541
Lease receivables and deferred items	(1,419,625)	12,026,047
Pension and OPEB related changes	913,741	789,606
Change in assets and liabilities		
(Increase) decrease in		
Accounts receivable	836,967	(11,689,547)
Prepaid expenses and other current assets	38,847	4,400
Increase (decrease) in		
Accounts payable	636,445	(100,353)
Accrued liabilities	(15,329)	5,304
Unearned revenue	(241,881)	36,336
Compensated absences	(42,759)	26,200
Customer deposits	-	(450,000)
Net cash provided by operating activities	<u>\$ 16,619,753</u>	<u>\$ 13,393,837</u>

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

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 1. ORGANIZATION AND REPORTING ENTITY

Organization

The Port of Gulfport was conveyed by the City of Gulfport to the State of Mississippi on September 26, 1960. On February 9, 1961, the Port of Gulfport was officially renamed and the Mississippi State Port Authority at Gulfport (the "Authority") was created. The Mississippi Development Authority ("MDA") is authorized by state law, Mississippi Code Ann. 1972 Section 59-5-1 I, to oversee operations of the Authority. Furthermore, Mississippi Code Ann. 1972 Section 59-5-2t' provides MDA with the authority to operate a port through a State Port Authority.

The Authority is governed by a board of five commissioners appointed to serve five-year staggered terms. Three commissioners are appointed by the governor of Mississippi, one is appointed by the Harrison County Board of Supervisors and one is appointed by the City of Gulfport City Council.

Reporting Entity

For financial reporting purposes, the Authority includes all funds that relate to Authority operations, debt service and construction projects. It is not intended to reflect information pertaining to the MDA or the State of Mississippi. As an agency of the State of Mississippi, its financial information is included in the State of Mississippi's Annual Comprehensive Financial Report.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Authority's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Measurement Focus and Basis of Accounting

The Authority's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The operations of the Authority are recorded in a proprietary fund. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of net income and capital maintenance. All Authority financial transactions are grouped in one major fund type, the Enterprise Fund. Enterprise funds are used to account for operations that are financed primarily through user charges, or where the governing body has concluded that the determination of net income is appropriate.

A proprietary fund is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the fund are included on the Statement of Net Position. Fund equity is segregated into its net position components. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority. For purposes of the comparative statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less; when purchased to be cash equivalents.

Investments

The Authority invests in short to medium term repurchase agreements and guaranteed investment contracts. The Authority follows the guidelines of the Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurements and Applications and Investments, are recorded at fair value or amortized cost.

Equity in Internal Investment Pool

Equity in internal investment pool is cash deposited with the State Treasurer's Office and consists of pooled demand deposits that are considered cash and cash equivalents. The State Treasurer is responsible for maintaining the cash balances in accordance with State laws, and excess cash is invested in the State's cash and short-term investment pool.

Accounts Receivable

The Authority reports receivables at net realizable value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and estimates an allowance for uncollectible accounts.

Due from Other State Agencies

Due from other state agencies represents subrecipient grant funds earned but not received as of June 30.

Due from Other Governments

Due from other governments represents grant funds and ad valorem taxes earned but not received as of June 30.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets exceeding the State of Mississippi's mandated capitalization thresholds are stated at historical cost. Donated capital assets are recorded at acquisition value. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property and exceed the mandated thresholds are capitalized. Depreciation of capital assets is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives and capitalization thresholds are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Machinery and equipment	3-15 years	\$ 5,000
Land improvements	13-40 years	25,000
Buildings	40 years	50,000
Infrastructure improvements	20-50 years	100,000
Leasehold improvements	2-15 years	15,000
Right-to-use lease asset	2-15 years	10,000

Restricted Assets

It is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of financial statements and the reported amounts of contributions and expenses during the reporting period. Actual results could differ from those estimated.

Unearned Revenue

The Authority defers revenue recognition in connection with resources that have been received, but not yet earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position has a separate section for deferred outflows of resources which represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The Authority has two items that meet this criterion: pension and Other Post-employment Benefits ("OPEB") related items.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Net Position has a separate section for deferred inflows of resources which represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that meet this criterion: pension and OPEB related items and lease related items.

Pensions

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

Other Post-employment Benefits ("OPEB")

The OPEB liability is the actuarial present value of projected healthcare benefit payments to be provided to employees in the period after employment. The net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB and OPEB expense have been measured using the same basis as the State Life and Health Insurance Plan's fiduciary net position. For the purpose of determining the OPEB fiduciary net position, benefit payments are recognized when due and payable in accordance with benefit terms. The OPEB Plan reports investments at fair value.

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees earn an amount of vacation pay monthly based on years of service and vacation pay is accrued as earned. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay any amounts when employees separate from service and it is more likely than not that the balances will be used on a last in/first out ("LIFO") basis.

Net Position

The Authority's net position is categorized as follows:

Net investment in capital assets represents total capital assets net of related debt and construction related payables.

Unrestricted represents resources not limited or restricted as to their use.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and leasing facilities in connection with the Authority's ongoing operations.

Concentration of Credit Risk

The Authority provides services on credit to many of its customers in the ordinary course of business. The Authority's customers are in the gaming, shipping, and marine terminal businesses. The Authority performs ongoing credit evaluations of its customers and, generally, requires no collateral.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

All deposits, including short-term certificates of deposit, with financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") must be collateralized in an amount equal to 105% of the uninsured deposit. The collateral must be held by the State of Mississippi Treasury Department or held in trust by a third-party financial institution in the State's name and evidenced by a safekeeping receipt issued to the State.

Qualifying collateral includes:

- a. Obligations of the U.S. Treasury and obligations guaranteed by the U.S. Government.
- b. Obligations of the Federal Home Loan Bank, Federal National Mortgage Association ("Fannie Mae"), Federal Farm Credit Bank and similar agencies approved by the State Treasurer.
- c. Tennessee Valley Authority obligations.
- d. Obligations of the State of Mississippi, its agencies, political subdivisions, and municipalities or any body, corporate and politic, created by the State of Mississippi.
- e. Legal obligations of any state, county, parish or municipality that are rated "A" or better.
- f. Surety bonds of any surety company authorized to do business in the State of Mississippi.
- g. All bonds authorized as security for state funds under items c, d, and e, inclusive, must be investment quality and any bonds under said items c, d, e and f, inclusive, which are rated substandard by any of the appropriate supervisory authorities having jurisdiction over said depository or by any recognized national rating agency engaged, in the business of rating bonds, are not eligible for pledging as a security.

The responsibility for ensuring the proper collateralization of deposits rests with the State of Mississippi Treasury Department. At June 30, 2025 and 2024, the carrying amounts of the Authority's deposits (including equity in internal investment pool) were \$22,798,316 and \$14,527,926, respectively and the bank balances totaled \$24,076,994 and \$15,467,621, respectively. The total of the bank balance was covered by federal depository insurance or by collateral held by the State of Mississippi Treasury Department or its agent in the State's name.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Custodial credit risk. This is the risk that, in the event of the failure of the financial institution with which the Authority invests, the Authority will not be able to recover the value of its investments, which are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counter party or the counter party's trust department or agent but not in the Authority's name. As of June 30, 2025 and 2024, the money market funds of \$10,612,012 and \$10,612,616, respectively, included in cash and cash equivalents, are held by the trust department at one financial investment institution and consist of investment in a government mutual fund that is uninsured and uncollateralized as of June 30, 2025 and 2024. Those securities are not registered in the Authority's name. However, the money market funds are held in the Authority's name and are controlled solely by the Authority. The Authority's money market accounts uncollateralized as of June 30, 2025 and 2024 held investments in the Goldman Sachs Government Fund with a credit rating of AAAM resulting in the entirety of those deposits being subject to custodial credit risk.

All investments made by the Authority are authorized by the Executive Director in accordance with all applicable state laws, as outlined by the Mississippi Code Section 127-105-33, the Authority invests in United States Government Instrumentalities.

Credit risk. Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. Mississippi State law requires a minimum quality rating of A-3 by Standard and Poor's for corporate short-term obligations. This law also requires corporate and taxable municipal bonds to be of investment grade as rated by Standard and Poor's, with bonds rated BAA/BBB not to exceed 5% of total fixed income investments. The highest credit rating that can be obtained from Standard and Poor's is AAA. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. As of June 30, 2025 and 2024, all of the Authority's investments were U.S. Government securities.

Interest Rate Risk. Interest rate risk represents the Authority's exposure to fair value changes arising from changing interest rates over the term of the investments. The longer the period for which an interest rate is fixed, the greater the potential for variability in fair value resulting from changes in interest rates.

The Authority has developed a formal written investment policy which governs the investment process and establishes parameters to be followed in order to mitigate investment risk to include credit and interest rate risk.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Fair Value. As of June 30, the fair value of the Authority's investments by type are as follows:

Investment	Fair Value	
	2025	2024
Federal Farm Credit Bank	\$ 18,065,835	\$ 11,505,815
Federal Home Loan Banks	34,506,845	41,312,000
US Government Treasury Notes	33,661,090	23,881,595
Federal National Mortgage Association	7,702,255	9,318,138
Federal Home Loan Mortgage Corporation	5,038,797	6,808,580
Total investments	<u>\$ 98,974,822</u>	<u>\$ 92,826,128</u>

As of June 30, the Authority's investments were reported in the Statements of Net Position as follows:

	2025	2024
Current - Investments	\$ 16,805,999	\$ 8,859,830
Non-Current Investments	82,168,823	83,966,298
Total investments	<u>\$ 98,974,822</u>	<u>\$ 92,826,128</u>

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

At June 30, 2025, the Authority reported \$33,661,090 as level 1 investments and \$65,313,732 as level 2 investments. At June 30, 2024, the Authority reported \$23,881,595 as level 1 investments and \$74,944,533 as level 2 investments.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investment maturities. As of June 30, 2025, the investment maturities are as follows:

Investment	Fair Value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Federal Farm Credit Bank	\$ 18,065,835	\$ 1,991,020	\$ 10,106,675	\$ 5,968,140
Federal Home Loan Banks	34,506,845	8,931,140	17,621,235	7,954,470
US Government Treasury Notes	33,661,090	5,888,010	17,047,630	10,725,450
Federal National Mortgage Association	7,702,255	-	7,702,255	-
Federal Home Loan Mortgage Corporation	5,038,797	1,989,429	3,049,368	-
Total investments	\$ 98,974,822	\$ 18,799,599	\$ 55,527,163	\$ 24,648,060

Included in the amounts above are callable securities totaling \$53,900,000 with callable dates ranging from July 1, 2025 to February 19, 2032.

As of June 30, 2024, the investment maturities are as follows:

Investment	Fair Value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Federal Farm Credit Bank	\$ 11,505,815	\$ -	\$ 9,410,090	\$ 2,095,725
Federal Home Loan Banks	41,312,000	6,859,830	26,565,355	7,886,815
US Government Treasury Notes	23,881,595	2,000,000	12,416,165	9,465,430
Federal National Mortgage Association	9,318,138	-	7,647,898	1,670,240
Federal Home Loan Mortgage Corporation	6,808,580	-	6,808,580	-
Total investments	\$ 92,826,128	\$ 8,859,830	\$ 62,848,088	\$ 21,118,210

Included in the amounts above are callable securities totaling \$10,900,000 with callable dates ranging from July 20, 2025 to April 15, 2027.

NOTE 4. ACCOUNTS RECEIVABLE

A summary of accounts receivable as of June 30 are as follows:

	2025	2024
Accounts receivable from customers	\$ 2,436,367	\$ 3,273,334
Less allowance for uncollectible accounts	(1,505,623)	(1,505,623)
Accounts receivable, net	\$ 930,744	\$ 1,767,711

The Authority recorded no bad debt expense for the fiscal years ended June 30, 2025 and 2024.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 5. DUE FROM OTHER STATE AGENCIES

As of June 30, due from other State agencies included the following:

	<u>2025</u>	<u>2024</u>
MEMA - FEMA Hurricane Zeta projects	\$ 3,203,540	\$ 3,239,698
MDOT - Multimodal Port Grant	95,933	86,018
Total due from other State agencies	<u>\$ 3,299,473</u>	<u>\$ 3,325,716</u>

NOTE 6. DUE FROM OTHER GOVERNMENTS

As of June 30, due from other governments included the following:

	<u>2025</u>	<u>2024</u>
Harrison County Tax Collector - Ad Valorem Taxes	\$ -	\$ 18,157
US DOT Maritime Administration	149,353	148,473
Institutions of Higher Learning - University of Southern Mississippi - subrecipient	1,697,644	363,408
Total due from other State agencies	<u>\$ 1,846,997</u>	<u>\$ 530,038</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated					
Land	\$ 132,053,975	\$ -	\$ -	\$ -	\$ 132,053,975
Construction in progress	8,160,227	20,530,541	-	-	28,690,768
Total	<u>140,214,202</u>	<u>20,530,541</u>	<u>-</u>	<u>-</u>	<u>160,744,743</u>
Capital assets, being depreciated					
Buildings	156,423,481	-	-	-	156,423,481
Machinery and equipment	33,093,865	5,759	-	-	33,099,624
Land improvements	163,511,012	-	-	-	163,511,012
Infrastructure	293,389,528	-	-	-	293,389,528
Leasehold improvements	234,000	-	-	-	234,000
Right-to-use lease asset	2,117,223	-	-	-	2,117,223
Total	<u>648,769,109</u>	<u>5,759</u>	<u>-</u>	<u>-</u>	<u>648,774,868</u>
Less accumulated depreciation					
Buildings	(21,039,996)	(3,158,384)	-	-	(24,198,380)
Machinery and equipment	(17,227,461)	(2,101,236)	-	-	(19,328,697)
Land improvements	(45,660,879)	(6,558,912)	-	-	(52,219,791)
Infrastructure	(87,897,253)	(7,379,112)	-	-	(95,276,365)
Leasehold improvements	(171,600)	(23,400)	-	-	(195,000)
Right-to-use lease asset	(1,380,798)	(276,160)	-	-	(1,656,958)
Total	<u>(173,377,987)</u>	<u>(19,497,204)</u>	<u>-</u>	<u>-</u>	<u>(192,875,191)</u>
Total capital assets, being depreciated, net	<u>475,391,122</u>	<u>(19,491,445)</u>	<u>-</u>	<u>-</u>	<u>455,899,677</u>
Total capital assets, net	<u>\$ 615,605,324</u>	<u>\$ 1,039,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,644,420</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 7. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 132,053,975	\$ -	\$ -	\$ -	\$ 132,053,975
Construction in progress	8,589,007	10,240,866	(133,111)	(10,536,535)	8,160,227
Total	<u>140,642,982</u>	<u>10,240,866</u>	<u>(133,111)</u>	<u>(10,536,535)</u>	<u>140,214,202</u>
Capital assets, being depreciated					
Buildings	149,243,758	-	(24,426)	7,204,149	156,423,481
Machinery and equipment	33,137,506	62,802	(106,443)	-	33,093,865
Land improvements	160,446,819	-	-	3,064,193	163,511,012
Infrastructure	293,121,335	-	-	268,193	293,389,528
Leasehold improvements	234,000	-	-	-	234,000
Right-to-use lease asset	2,117,223	-	-	-	2,117,223
Total	<u>638,300,641</u>	<u>62,802</u>	<u>(130,869)</u>	<u>10,536,535</u>	<u>648,769,109</u>
Less accumulated depreciation					
Buildings	(17,884,798)	(3,158,384)	3,186	-	(21,039,996)
Machinery and equipment	(15,106,179)	(2,121,282)	-	-	(17,227,461)
Land improvements	(39,259,049)	(6,500,896)	99,066	-	(45,660,879)
Infrastructure	(80,470,834)	(7,426,419)	-	-	(87,897,253)
Leasehold improvements	(148,200)	(23,400)	-	-	(171,600)
Right-to-use lease asset	(1,104,638)	(276,160)	-	-	(1,380,798)
Total	<u>(153,973,698)</u>	<u>(19,506,541)</u>	<u>102,252</u>	<u>-</u>	<u>(173,377,987)</u>
Total capital assets, being depreciated, net	<u>484,326,943</u>	<u>(19,443,739)</u>	<u>(28,617)</u>	<u>10,536,535</u>	<u>475,391,122</u>
Total capital assets, net	<u>\$ 624,969,925</u>	<u>\$ (9,202,873)</u>	<u>\$ (161,728)</u>	<u>\$ -</u>	<u>\$ 615,605,324</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 8. UNEARNED REVENUE

As of June 30, unearned revenue included the following:

	<u>2025</u>	<u>2024</u>
Chemours (f/k/a Dupont)	\$ 319,346	\$ 312,013
Chiquita	-	240,862
Crown Castle	-	1,837
Core X	-	4,615
KLLM	-	1,900
Total unearned revenue	<u>\$ 319,346</u>	<u>\$ 561,227</u>

NOTE 9. COMPENSATED ABSENCES

Changes in compensated absences are as follows for the fiscal years ended June 30:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2025	\$ 278,490	\$ -	\$ (42,759)	\$ 235,731	\$ 96,791
2024	\$ 252,290	\$ 26,200	\$ -	\$ 278,490	\$ 55,862

NOTE 10. LEASES

Substantially all of the Authority's capital assets are leased to various businesses for periods up to 55 years. The GASB Statement No. 87 - Leases has been implemented as of the year ended June 30, 2022.

Lessor. The Authority is a lessor under 12 noncancelable lease arrangements involving the lease of Authority assets. The agreements permit the lessee the right-to-use the specified asset for the term of the agreement. The terms of the agreements range from 1 to 55 years, expiring between June 2026 and December 2079. Six of the leases contain variable payment adjustments based on the Consumer Price Index and one lease includes contingent payments based on the gross revenues of gaming operations. These amounts are not included in the lease receivable calculation and related deferred inflows of resources related to leases.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 10. LEASES (CONTINUED)

The following is a summary of revenue from leases as of June 30:

	<u>2025</u>	<u>2024</u>
GASB 87 leases	\$ 5,854,096	\$ 5,088,157
Short term leases	640,453	533,660
Gaming contingent rentals	<u>7,717,867</u>	<u>7,990,294</u>
Total lease revenue	<u>\$ 14,212,416</u>	<u>\$ 13,612,111</u>

The following is a schedule of future minimum rentals through the end of the lease agreements in effect as of June 30, 2025; not including contingent rentals, consumer price index adjustments, or thruput charges:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,383,400	\$ 3,437,796	\$ 6,821,196
2027	2,692,199	3,305,011	5,997,210
2028	2,700,482	3,190,323	5,890,805
2029	2,849,165	3,038,683	5,887,848
2030	3,027,152	2,881,655	5,908,807
2031 to 2035	14,214,885	12,240,066	26,454,951
2036 to 2040	8,957,941	10,159,373	19,117,314
2041 to 2045	7,737,649	8,471,068	16,208,717
2046 to 2050	6,052,228	7,250,543	13,302,771
2051 to 2055	7,319,160	5,977,214	13,296,374
2056 to 2060	8,849,324	4,439,332	13,288,656
2061 to 2065	8,052,630	2,663,336	10,715,966
2066 to 2070	4,114,060	1,654,757	5,768,817
2071 to 2075	4,973,310	787,435	5,760,745
2076 to 2080	1,685,464	40,940	1,726,404
	<u>\$ 86,609,049</u>	<u>\$ 69,537,532</u>	<u>\$ 156,146,581</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT

(An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 10. LEASES (CONTINUED)

Construction Reimbursements. On January 1, 2017, the Authority commenced the guaranteed construction reimbursement clause included in a port facilities tenant's 30 year non-exclusive, amended, restated, and modified operating lease agreement executed on July 1, 2013, The lease terms state that upon occupancy, the tenant will reimburse the Authority for all construction costs incurred related to a new ilmenite facility constructed by the Authority and operated by the tenant on Authority property. As of the years ended June 30, 2025 and 2024, the tenant's responsibility for construction costs incurred was \$67,157,035. Under the terms of the agreement, the reimbursement will be paid over ten years, at a 2.25% per annum, in quarterly payments of \$1,820,406, beginning January 1, 2017. As of July 1, 2021, quarterly payments are \$1,922,848, adjusted to include all completed project enhancements. As a non-capital component of the original lease agreement, the guaranteed construction reimbursement is recognized as current year revenue and interest, and will be fully paid on October 1, 2026.

Year ending June 30,	Principal	Interest	Total
2026	\$ 7,499,825	\$ 191,566	\$ 7,691,391
2027	3,813,489	32,206	3,845,695
	<u>\$ 11,313,314</u>	<u>\$ 223,772</u>	<u>\$ 11,537,086</u>

Public Private Partnership. On March 24, 2023, the Authority and the MDA entered into an agreement with its terminal operator, under which the terminal operator will lease Terminal 4 (approximately 38.02 acres), use and possess three Gantry cranes and the crane maintenance area, and be entitled to a preferential berthing assignment at Berth 4 on West Pier for 20 years, with two 10-year options to renew. The terminal operator will retain all wharfage collected and payable for cargo loaded or unloaded at the leased premises and operating revenue associated with the cranes in connection with the services, including crane revenue generated through the existing leases, but not including any crane lift fee. If the terminal operator collects any vessel fees, it will remit the fees to the Authority. In addition, the terminal operator will establish and publish a tariff applicable at the Port, which will set forth reasonably competitive rates for the services, including crane operating rates.

The terms of the initial 20-year lease agreement include a development phase of five years, ending March 23, 2028. In this development phase, the Authority will collect no rents. After completion of the development phase, the Authority will collect rent in the amount of \$418,220 payable in equal monthly installments. Beginning in year seven, and each contract year thereafter, the rent amount will be subject to a minimum annual adjustment based on the lesser of the change in the consumer price index or 3.5%.

As of June 30, 2025 and 2024, the Authority has recognized a receivable in the amount \$3,951,389 and \$3,951,389, respectively, and a deferred inflow of resources in the amount of \$3,502,609 and \$3,700,179, respectively.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 10. LEASES (CONTINUED)

Gaming Lease. Effective October 18, 2013, the Authority entered into an amended and restated lease agreement with its gaming lessee. The terms of the lease agreement include a ten-year primary term, expiring on October 18, 2023, with two five-year renewal options. On January 30, 2023, the Authority received confirmation from its gaming lessee exercising their right to extend the lease term for an additional five years through October 18, 2028. Also included in the lease terms is an additional percentage rental abatement that reduces the 3% non-gaming additional percentage rental by 35% (\$16,732,885 as of June 30, 2025 and 2024, respectively) of the total capitalized costs expended (\$47,808,243 as of June 30, 2025 and 2024, respectively) by the lessee in connection with its hotel renovation and restoration (hotel development assistance cap amount) and \$33,333 monthly base (\$400,000 as of June 30, 2025 and 2024, respectively). The abatement expires when the hotel development assistance cap amount is met or at the end of the second five-year renewal term, October 18, 2033, whichever occurs first. During the fiscal years ended June 30, 2025 and 2024, the Authority abated \$517,089 and \$500,781, respectively, in additional percentage rental related to non-gaming activities. From inception of the amended and restated lease agreement through June 30, 2025, the total abated amount is \$5,477,245 and the remaining unused hotel development assistance cap is \$11,255,640.

Guaranteed MSPA Acquisition Agreement. On March 26, 2015, the Authority purchased 114.23 acres of land, facilities, and equipment thereon for a total of \$32 million, which constitutes the Guaranteed MSPA Acquisition Reimbursement. In a simultaneous transaction, the Authority entered into a 40-year direct financing lease agreement with a limited liability company (the "Company") for this property. Under the terms of the agreement, the Company initially provided \$10 million as a cash contribution toward the purchase price of the property. It is the intent of the agreement that, after proposed legislation is enacted that will exempt the Authority from having to offer the leased property to other state agencies before granting the Company a purchase option, the Company will pay the Authority an additional \$6 million of the Guaranteed MSPA Acquisition Reimbursement. During the 2016 fiscal year, the proposed legislation was enacted, and the Company paid the additional \$6 million as included in the Guaranteed MSPA Acquisition Agreement.

Per the agreement, during the lease term, the Company shall have the right to purchase the property by providing the Authority 90 days written notice and paying any remaining balance on the Guaranteed MSPA Acquisition Cost Reimbursement plus \$10,000 and reasonable costs incurred by the Authority.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 10. LEASES (CONTINUED)

Lessee. The Authority is the lessee under one non-cancelable lease agreement involving the lease of a floor in the Hancock Bank building. The agreement permits the Authority the right to use the specified property for the term of the agreement. The following is a schedule of the Authority's lease liability as of June 30, 2025:

Year ending June 30,	Principal	Interest	Total
2026	\$ 329,634	\$ 14,717	\$ 344,351
2027	231,457	2,634	234,091
	<u>\$ 561,091</u>	<u>\$ 17,351</u>	<u>\$ 578,442</u>

NOTE 11. RETIREMENT PLAN

Plan Description. The Authority's employees are provided pensions through the Public Employees' Retirement System of Mississippi ("PERS") a cost-sharing-multiple employer defined benefit-pension plan administered by the State of Mississippi's Public Employees' Retirement System Board of Trustees. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and Required Supplementary Information. That information may be obtained by writing to:

Public Employee Retirement System
PERS Building
429 Mississippi Street
Jackson, MS, 39201-1005
or by calling (601)359-3589 or 1-800-444-PERS

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

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 11. RETIREMENT PLAN (CONTINUED)

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

Contributions. The contribution requirement of PERS members are established and may be amended only by the State of Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. PERS members are required to contribute 9% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate. For the fiscal years ended June 30, 2025 and 2024, the Authority's contribution rates were 17.90% of annual covered payroll for each year. The Authority's contributions to PERS for the years ended June 30, 2025 and 2024 were \$561,745 and \$515,544, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions. At June 30, 2025 and 2024, the Authority recognized \$9,952,758 and \$10,563,554, respectively, as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the Authority's proportion was 0.383%, which was a decrease of 0.0037 from its proportion measured as of June 30, 2023 (0.0420%). At June 30, 2023, the Authority's proportion was 0.0420%, which was a decrease of 0.0032 from its proportion measured as of June 30, 2022 (0.0452%).

For the year ended June 30, 2025, the Authority recognized pension expense of \$1,436,273. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 535,498	\$ -
Change of assumptions	616,472	-
Net difference between projected and actual earnings on Plan investments	32,982	-
Changes in proportionate share	193,263	1,263,815
Contributions subsequent to the measurement date	561,745	-
Total	\$ 1,939,960	\$ 1,263,815

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 11. RETIREMENT PLAN (CONTINUED)

Net Pension Liability, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions (Continued). The Authority's contributions subsequent to the measurement date of \$561,745 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	
June 30:	
2026	\$ 263,139
2027	566,411
2028	(206,079)
2029	(294,960)
2030	(214,111)
	<u>\$ 114,400</u>

For the year ended June 30, 2024, the Authority recognized pension expense of \$1,317,670. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 264,496	\$ -
Change of assumptions	1,240,360	-
Net difference between projected and actual earnings on Plan investments	413,294	-
Changes in proportionate share	289,894	510,335
Contributions subsequent to the measurement date	514,544	-
Total	<u>\$ 2,722,588</u>	<u>\$ 510,335</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 11. RETIREMENT PLAN (CONTINUED)

The Authority's contributions subsequent to the measurement date of \$514,544 were recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending		
June 30:		
2025	\$	632,058
2026	391,480	
2027	671,029	
2028	3,142	
	\$	1,697,709

Actuarial Assumptions. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00%, net of pension plan investment expense, including inflation	
Projected salary increases	2.65 – 17.9%, including inflation	
Inflation	2.40%	

The actuarial assumptions used in the June 30, 2024 valuation were determined by an actuarial valuation prepared as of June 30, 2023, based on the experience investigation for the four-year period ended June 30, 2022, and by the investment experience for the fiscal year ended June 30, 2023. Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 11. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued). The long-term expected rate of return on investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and 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 allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	25.00%	5.15%
International equity	20.00%	5.00%
Global equity	12.00%	5.15%
Debt securities	18.00%	2.75%
Real estate	10.00%	3.50%
Private equity	10.00%	6.25%
Infrastructure	2.00%	3.85%
Private credit	2.00%	4.90%
Cash equivalents	1.00%	0.50%
Total	100.0%	

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be phased in to 18.90% over two fiscal years (18.40% for fiscal year 2026 and 18.90% for fiscal year 2027). 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.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 11. RETIREMENT PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability for fiscal years ended June 30, 2025 and 2024 calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

As of June 30, 2025:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 12,900,223	\$ 9,952,758	\$ 7,540,481

As of June 30, 2024:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 13,621,971	\$ 10,563,554	\$ 8,053,784

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

Plan Description. The State and School Employees' Health Insurance Management Board administers the State's self-insured medical plan and life insurance program established by Section 25-15-3 et seq., Mississippi Code Ann. (1972.), which may be amended only by the State Legislature. 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.

Eligibility. Eligible retirees will include State and School employees retiring from the State of Mississippi and electing coverage at retiree contribution rates. General State employees retired before July 1, 2011 are eligible to retire at any age with 25 years of service or at age 60 with at least four years (if hired before July 1, 2007) or eight years (if hired after July 1, 2007) of service. General State employees hired after July 1, 2011 are eligible to retire at any age with 30 years of service or at age 60 with at least eight years of service.

Contributions. Retirees are responsible for payment of their own premiums. A retired employee electing to purchase retiree life and health insurance will have the full cost of such insurance premium deducted monthly from their state retirement plan check or direct billed if the retirement check is insufficient to pay for the premium. No contributions towards post-employment benefits are made while in active service. At retirement, contributions vary based on plan election, dependent coverage, and Medicare eligibility and date of hire.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

Net OPEB Liability. The Authority's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.94%
Inflation	2.40%
Salary increases, including wage inflation	2.65% – 17.90%
Municipal bond index rate	3.94%
Health care cost trends	6.00% for 2025 decreasing to an ultimate rate of 4.50% by 2029

Mortality rates for service retirees 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 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 actuarial assumptions used for the purposes of determining the TOL were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023. The 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, 2024 valuation were based on a review of recent plan experience done concurrently with the June 30, 2024 valuation.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

Discount Rate. The discount rate used to measure the TOL as of the measurement date was 3.94% (3.66% for the prior measurement date). The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of June 30, 2024. Based on these assumptions, the Plan's Fiduciary Net Position ("FNP") was projected to be depleted in 2024 and, as a result, the Municipal Bond Index Rate, 3.94%, was used in the determination of the discount rate. The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB Statement No. 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates. The following presents the sensitivity of the net OPEB liability calculated using the discount rate of 3.94%, as well as the Authority's proportionate share of the Net OPEB liability using a discount rate that is 1-percentage-point lower (2.94%) or 1-percentage-point higher (4.94%) than the current rate:

For the fiscal year ended June 30, 2025:

	1% Decrease (2.94%)	Discount Rate (3.94%)	1% Increase (4.94%)
Authority's proportionate share of the net OPEB liability	\$ 144,576	\$ 132,622	\$ 122,190

For the fiscal year ended June 30, 2024:

	1% Decrease (2.66%)	Discount rate (3.66%)	1% increase (4.66%)
Authority's proportionate share of the net OPEB liability	\$ 150,711	\$ 137,592	\$ 126,218

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

The following presents the sensitivity of the net OPEB liability calculated using the current health care cost trend rate, as well as the Authority's proportionate share of the net OPEB liability using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

For the fiscal year ended June 30, 2025:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ 123,876	\$ 132,622	\$ 142,372

For the fiscal year ended June 30, 2024:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ 128,206	\$ 137,592	\$ 148,105

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB. For the fiscal years ended June 30, 2025 and 2024, the Authority recognized OPEB expense of (\$5,959) and (\$13,520), respectively. At June 30, 2025, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Change of assumptions	\$ 5,229	\$ 10,124
Differences between expected and actual experience	27,397	23,500
Net difference between projected and actual earnings on OPEB Plan investments	5	-
Changes in proportionate share	4,742	24,608
Implicit rate subsidy	5,612	-
Total	<u>\$ 42,985</u>	<u>\$ 58,232</u>

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB (Continued) The fiscal year 2025 implicit rate subsidy of \$5,612 represents the Authority's proportionate share of amounts paid as benefits come due subsequent to the measurement date of the net OPEB liability and before the end of the reporting period that are recognized as an additional deferred outflow of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense are as follows:

Fiscal Year Ending		
June 30:		
2026	\$	(7,709)
2027		(7,278)
2028		(3,980)
2029		(1,913)
2030		(57)
Thereafter		78
	\$	(20,859)

At June 30, 2024, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows	Deferred Inflows
Change of assumptions	\$ 12,292	\$ 10,351
Differences between expected and actual experience	22,554	38,846
Net difference between projected and actual earnings on OPEB Plan investments	8	-
Changes in proportionate share	9,768	23,070
Implicit rate subsidy	5,797	-
Total	\$ 50,419	\$ 72,267

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 12. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

The fiscal year 2024 implicit rate subsidy of \$5,797 represents the Authority's proportionate share of amounts paid as benefits come due subsequent to the measurement date of the net OPEB liability and before the end of the reporting period that are recognized as an additional deferred outflow of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense are as follows:

Fiscal Year Ending		
June 30:		
2025		\$ (5,003)
2026		(8,280)
2027		(7,746)
2028		(4,273)
2029		(2,089)
Thereafter		(254)
		<u>\$ (27,645)</u>

Plan Fiduciary Net Position. Detailed information about the OPEB Plan is available in the separately issued financial report available at www.dfa.ms.gov.

NOTE 13. ECONOMIC DEPENDENCY

The Authority's only gaming operations lease accounted for approximately 26% and 29% of the operating revenues in the fiscal years ended June 30, 2025 and 2024, respectively.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority had contractual commitments for various projects that amounted to approximately \$21 million and \$61 million as of June 30, 2025 and 2024, respectively.

Contingencies

Regulatory environment. The Authority's future restoration plans, accounted for in construction in progress are subject to various regulatory approvals by federal and state agencies which could affect the scope and timing of project completion.

Litigation. The Authority is involved with pending claims per management, the ultimate resolution of these claims would not be material to the financial position of the Authority.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contingencies (Continued)

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

NOTE 15. MISSISSIPPI COAST FOREIGN TRADE ZONE, INC.

In January 1999, the U.S. Department of Commerce Foreign Trade Zone Board approved the expansion of the Greater Gulfport/Biloxi Foreign Trade Zone, Inc. to include Harrison County. Such designation allows foreign or domestic merchandise coming into the Authority to generally be considered as part of international commerce and not officially entered in United States Commerce. Therefore, the usual duties charged on goods may be deferred, reduced, avoided or eliminated.

NOTE 16. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omission; injuries to employees; and natural disasters. Significant losses are generally covered by commercial insurance with the exception of the self-insured risks discussed below. There have been no reductions in insurance coverage.

Self-Insurance

Tort Claims. The Authority is a member and participant in the Mississippi Tort Claims Fund under the administration of the Mississippi Tort Claims Board. This entity is a self-insurance tort (civil suit) claims fund organized under Mississippi Code Ann. 1972 Section 11-46-17. Membership for state agencies is mandatory. The plan provides liability and tort claims insurance for its members according to limits established by the Mississippi Tort Claim Act. The members of the group 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. The Authority is a member and participant in the Unemployment Insurance Fund under the administration of the Mississippi Department of Finance and Administration, Office of Insurance. The entity is a self-insured unemployment insurance fund organized under Mississippi Code Ann. 1972 Section 71-5-1 *et. Seq.* Membership for state agencies is mandatory. The group is self-insured for all unemployment claims filed with the Mississippi Department of Employment Security by former State employees. The members of the group 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.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Notes To Financial Statements

NOTE 17. SUBSEQUENT EVENTS

The Authority has evaluated all subsequent events through January 26, 2026 the date the financial statements were available to be issued. No such subsequent events were noted

REQUIRED SUPPLEMENTARY INFORMATION

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (AN AGENCY OF THE STATE OF MISSISSIPPI)

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR PERS LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
Authority's proportion of the net pension liability	0.0383%	0.0420%	0.0452%	0.0417%	0.0435%
Authority's proportionate share of the net pension liability	\$ 9,952,758	\$ 10,563,554	\$ 9,303,805	\$ 6,163,442	\$ 8,421,095
Authority's covered employee payroll	\$ 2,960,020	\$ 2,937,154	\$ 3,110,542	\$ 3,109,833	\$ 2,773,408
Authority's proportionate share of the net pension liability as a percentage of covered employee payroll	336.24%	359.65%	299.11%	198.19%	303.64%
Plan fiduciary net position as a percentage of total pension liability	55.70%	55.70%	59.93%	70.44%	58.97%

	Fiscal Year				
	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.0438%	0.0412%	0.0408%	0.0381%	0.0364%
Authority's proportionate share of the net pension liability	\$ 7,705,284	\$ 6,852,786	\$ 6,782,345	\$ 6,805,611	\$ 5,626,724
Authority's covered employee payroll	\$ 2,894,210	\$ 2,852,578	\$ 2,630,020	\$ 2,438,795	\$ 2,275,227
Authority's proportionate share of the net pension liability as a percentage of covered employee payroll	266.23%	240.23%	257.88%	279.06%	247.30%
Plan fiduciary net position as a percentage of total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (AN AGENCY OF THE STATE OF MISSISSIPPI)

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS FOR PERS LAST TEN FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
Contractually required contribution	\$ 561,745	\$ 511,065	\$ 541,234	\$ 541,111	\$ 482,573
Contribution in relation to the contractually required contribution	561,745	511,065	541,234	541,111	482,573
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 3,138,240	\$ 2,937,154	\$ 3,110,542	\$ 3,109,833	\$ 2,773,408
Contributions as a percentage of covered employee payroll	17.90%	17.40%	17.40%	17.40%	17.40%

	Fiscal Year				
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 503,589	\$ 449,256	\$ 414,205	\$ 412,157	\$ 384,089
Contribution in relation to the contractually required contribution	503,589	449,256	414,205	412,157	384,089
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 2,894,210	\$ 2,852,578	\$ 2,630,020	\$ 2,438,795	\$ 2,275,227
Contributions as a percentage of covered employee payroll	17.40%	15.75%	15.75%	16.90%	16.88%

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (AN AGENCY OF THE STATE OF MISSISSIPPI)

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF OPEB LAST EIGHT FISCAL YEARS

	Fiscal Year				
	2025	2024	2023	2022	2021
Authority's proportion of the net OPEB liability	0.0237%	0.0249%	0.0289%	0.0284%	0.0281%
Authority's proportionate share of the net OPEB liability	\$ 132,622	\$ 137,592	\$ 142,475	\$ 182,562	\$ 218,403
Authority's covered payroll	\$ 2,960,020	\$ 2,937,154	\$ 3,110,542	\$ 3,109,833	\$ 2,773,408
Authority's proportionate share of the net OPEB liability as a percentage of covered payroll	4.48%	4.68%	4.58%	5.87%	7.87%
Plan fiduciary net position as a percentage of total OPEB liability	0.20%	0.19%	0.21%	0.16%	0.13%

	Fiscal Year		
	2020	2019	2018
Authority's proportion of the net OPEB liability	0.0279%	0.0251%	0.0250%
Authority's proportionate share of the net OPEB liability	\$ 236,644	\$ 193,920	\$ 195,827
Authority's covered payroll	\$ 2,894,210	\$ 2,852,578	\$ 2,630,020
Authority's proportionate share of the net OPEB liability as a percentage of covered payroll	8.18%	6.80%	7.45%
Plan fiduciary net position as a percentage of total OPEB liability	0.12%	0.13%	0.00%

Note: This schedule will present 10 years of information when it becomes available.

COMPLIANCE SECTION



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*

**Board of Commissioners
Mississippi State Port Authority at Gulfport
(an Agency of the State of Mississippi)
Gulfport, 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 Mississippi State Port Authority at Gulfport (an Agency of the State of Mississippi) (the "Authority"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Houston, Texas
January 26, 2026

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Schedule of Findings and Responses

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP. Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiency identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Award Programs

There was not an audit of major federal award programs as of June 30, 2025 due to the total amount expended being less than \$750,000.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

SECTION III STATE AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

MISSISSIPPI STATE PORT AUTHORITY AT GULFPORT (An Agency of the State of Mississippi)

Schedule of Prior Year Findings

None reported.