



Comptroller

To: Mayor Billy Hewes and Members of the City Council  
From: Linda Elias, Comptroller  
Date: September 15, 2015  
RE: Proposed Budget for Fiscal Year Ending September 30, 2016  
**Revised September 15, 2015, Adopted September 15, 2015**

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## Introduction

The Comptroller is pleased to submit the proposed budget for fiscal year ending September 30, 2016. An executive summary has been prepared in a manner that will assist the reader in understanding the overall financial issues of the City, identify material changes in the City's resources (revenues and cash), identify how funds will be spent as compared to the prior year (expenses), and communicate currently known facts or conditions that are expected to have a major impact on the financial position and operations of the City during the upcoming and perhaps subsequent years.

Even though it has been ten years since Katrina, the City is still working towards recovering resources expended on not only Hurricanes Katrina, but also Gustav and Isaac. The national, state, and local economies are slowly recovering from one of the worst recessions recorded in many decades along with the impact felt by the worst man-made disaster recorded in history with the British Petroleum oil spill. Employment is one critical component of the economic development of an area. Per the Bureau of Labor Statistics<sup>1</sup>, in the last ten years, using April as the benchmark, 2008 was the highest year of employment at 162.6 thousand for nonfarm workers in the Gulfport-Biloxi-Pascagoula area. In comparison, for April, 2015, 153.3 thousand were employed. This represents a 5.7% decrease in employment since 2008 and for the twelve months (April 2014 to April 2015) there was a negative 1.5% decrease in employment. The City will continue to be faced with the challenge to meet the needs of its citizens for some time.

The overall financial condition of the City can be best described as "Steady Growth." The cost of insurance and insurability issues continue to create challenges for homeowners, local businesses, and investors. Unemployment continues to remain high, but consumer confidence is slowly improving as indicated by increased sales tax revenue starting in 2012 and continuing through current times.

**Please note revised amounts for the General Fund, Capital Projects Fund and Utility Fund are reflected on their respective fund reports including notes to changes made.**

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<sup>1</sup> Bureau of Labor Statistics Data [http://data.bls.gov/timeseries/SMU2825060000000001?data\\_tool=XGtable](http://data.bls.gov/timeseries/SMU2825060000000001?data_tool=XGtable)

## Proposed Budget Calendar for 2016 Budget Adoption

- ✓ August 18<sup>th</sup> and August 25<sup>nd</sup> - Advertisement for notice of tax levy and public hearing.
- ✓ September 1<sup>nd</sup> – Public Hearing and Tax Levy Adoption
- ✓ September 15<sup>th</sup> – Final Adoption of Budget, September 8<sup>th</sup> Tax Levy Adoption

*Note: The Administration does not support a tax increase. However, if the City Council chooses to consider this, a final determination must be made as to a tax increase no later than August 16th in order to meet legal advertisement requirements and deadlines.*

## Major Issues, Challenges, and Considerations for the 2016 budget

The purpose of this section is to identify issues and challenges which were considered in the formulation of this budget. Solutions to these issues will be presented in a subsequent section of this report.

### 1. General Fund Operating Surplus –

The most recent completed audit for the City's 2014 fiscal year revealed that the City's General Fund operated in the "black" with revenues at \$54.8 million and expenditures at \$54.6 million. It is expected for the current 2015 fiscal year, the City will operate at a very slight surplus. Carrying the surplus over into the 2016 year, the Administration feels the City's outlook is beginning to reflect a more positive outcome. The Administration is of the opinion that additional budget reductions over what is being proposed would negatively impact essential services being provided to our citizens; therefore, much effort needs to be channeled towards increasing the City's revenue stream through economic development activities while creating and maintaining efficiencies within the City's operations to further reduce expenditures.

### 2. Declining Grant Revenue –

The City is looking to outsource grant writing to increase exposure to various types of grants. This outsourcing may be a revenue share with the outsourced company and no cost to the City if grants are not obtained.

### 3. Economic Development –

Continued effort in the area of economic development will be a must as businesses compete between local jurisdictions for competitive incentive packages before choosing their location for doing business. The City must continue to review and revise its zoning, architectural and construction standards, and business incentive packages in order to attract new businesses. Steps already taken by the City to address this include: Tax incentive programs in designated areas, city beautification (landscaping, facade grants, streetscapes), and a more developer friendly code department. The City hired an Economic Development Director in FYE 2014 which will greatly improve the City's opportunities for development.

### 4. Asset / Infrastructure Deterioration –

The City's book value of its capital assets totaled \$555.0 million for the most recent audited year with infrastructure totaling \$366.6 million or 66% of this amount. Capital assets include the following: Land, Buildings, Machinery, Equipment, Vehicles, and infrastructure, (i.e. roads, drainage systems, and water and sewer systems). Relating to this, the City's annual depreciation expense was \$13.5 million. These amounts are significant. In December, 2014 a bond was issued to assist in alleviating this replacement deficit. Fourteen million has been earmarked for water and sewer improvements, \$10 million for infrastructure and \$6 million for drainage and equipment. In addition, the City recently adopted a twelve year capital Water and Sewer Master Plan which will address some of the infrastructure needs. For FYE 2016, \$936,527 is budgeted for infrastructure improvements/replacements. However, the City does not have a policy in place regarding a perpetual asset lifecycle replacement program for all of its assets. Depreciation is an important and often underutilized tool in the financial planning process and should become a recurring expense item in future years' budgets to replace assets as their useful lives become expired.

The City's Engineer has identified \$270 million in needed infrastructure renovations and upgrades. Of this amount, \$100 million relates to streets and drainage improvements while the remaining \$170 million relates to water and sewer infrastructure improvements.

#### City needs for asset replacement/updates

- Technology Replacements and Upgrades –Technology has identified an immediate (FYE 2016) need to upgrade or replace approximately \$320,000 of hardware and software. All of this need cannot be met in this budget cycle.
- Machinery and Equipment Replacements -The Leisure Services Department is in need of approximately \$850,000 in funding for equipment replacements.
- Gulfport South Sewer Treatment Facility – It has been communicated to the City by the Harrison County Utility Authority that the Gulfport South Treatment Plant no longer meets EPA standards regarding sewer treatment and disposal. The cost of addressing this issue is expected to exceed \$20 million. Although this will not affect the current proposed budget, subsequent years' budgets will be impacted.

#### **5. Court Fine Revenue –**

Court fine revenue has been declining for several years. An outside collection agency was hired to collect the older more difficult fines and this has helped, but overall collection of fines has continued to decrease. Part of this issue may relate to the declining economy. Another effort to collect court fines may be to institute some fines to be “worked off” through the City's programs.

#### **6. Extremely Low Cash Reserves –**

Given the slight projected surplus, the City is projecting reserves for its General Fund for the current year ending September 30, 2015 to be at \$2 million. This is “extremely” low as compared to industry standards. It is recommended by the Government Finance Officers’ Association (GFOA) that Cities maintain in cash reserves at an amount that is equal to 15% of its operating budget. Given the City’s General Fund revenue budget of \$55.8 million, Gulfport’s cash reserves should be approximately \$8.4 million. The purpose of unobligated cash reserves is to: stabilize tax rates in the event of an economic downturn, cover short term funding gaps created from federal grants, and cover unforeseen emergencies. Without a doubt, all of these events have been experienced by Gulfport over the past several years; so, it would make perfect sense that cash reserves would be at low levels; however, the City has been able to increase the cash reserves the past three fiscal years and is proposing a budget that would again increase the cash reserves in FYE 2016.

**7. Recovering Economy –**

The current FYE 2015 General Fund’s revenue budget is \$55.1 million while the proposed FYE 2016 revenue budget is \$55.2 million; representing an increase of \$0.1 million. This flat growth in revenue is the result of a slowly recovering economy. A sustained economy with increasing revenues to the City could provide the City the ability to rebuild cash reserves and provide a greater level of services to citizens.

**8. Employee Health Care Fund –**

The City is mostly self-funded with regards to providing health care to its employees. In FYE 2015, employee claims appear to have leveled out compared to the previous year’s higher claims amount. The City also has implemented an employee wellness program which is expected to reduce future claims. However, premiums paid by retirees are not covering the claims made by those retirees in an amount in excess of \$935,000. Given the fact that the retiree base is getting older and more staff retire, it appears the City will be unable to cover the cost of retiree claims without some adjustment.

**9. Claims Contingency Fund –**

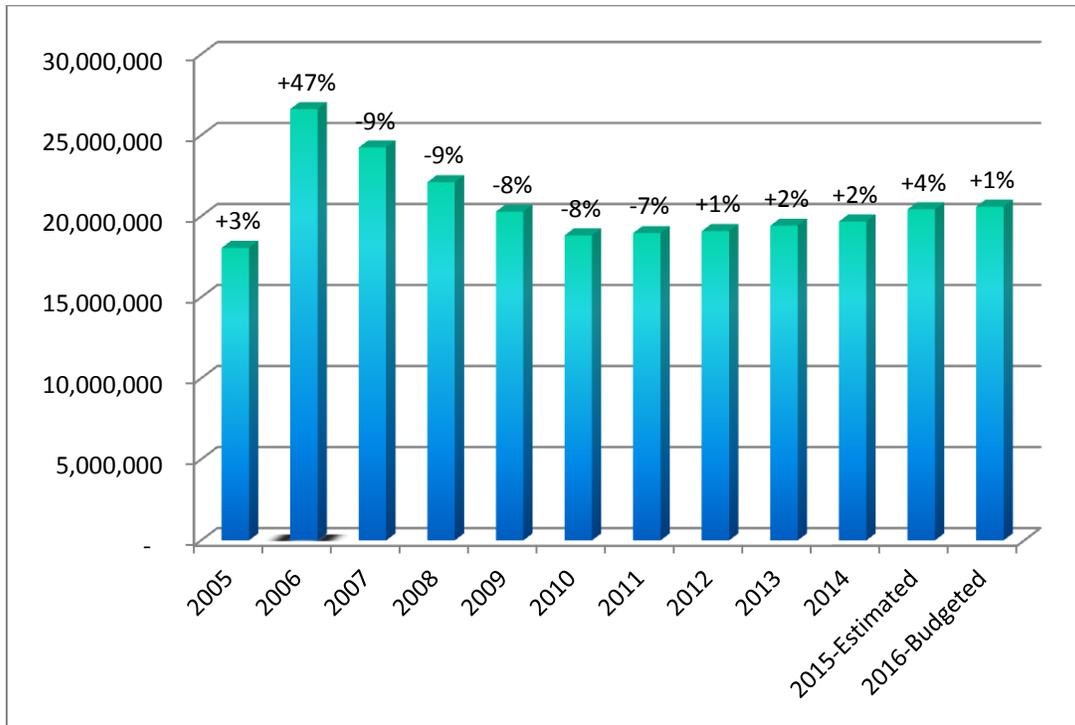
The City is partially self funded in the area of General Liability and Worker’s compensation claims. Typically, the City’s historical annual claims are near \$1.1 million. For the current 2015 year, the City expects to pay out claims and judgments consistent with prior years.

**10. Water and Sewer Fund –**

For the current 2015 year, expected revenues will be \$45.5 million with expenses at \$45.3 million based on a cash basis. For the upcoming 2016 year, revenues are budgeted at \$32.8 million with expenses at \$32.8 million while cash reserves are projected to be approximately \$800,000. It should be noted that FYE 2015 revenues included a \$14.0 million bond release.

## **The Local Economy**

## Annual Sales Tax History



Sales Tax revenue comprises approximately 37% of the City’s total General fund revenue and is considered the most important indicator of how the local economy is performing. As evidenced by the above chart, the City experienced a significant boom in sales tax revenue post Hurricane Katrina with sales tax increasing from \$18.1 million in 2005 to \$26.6 million or 47% in 2006. It was anticipated that this level would not remain as most of this increase was due to our citizens and others replacing Katrina damaged assets such as homes, vehicles, personal belongings, etc. However, the years with dips in sales tax revenues are best explained by the national recession. The good news is that there has been a slight rise in sales tax revenues beginning in 2012 and continues today. Per the Gulf Coast Business Council Research Foundation’s Mississippi Gulf Coast Economic Snapshot, February 6, 2015<sup>2</sup>, the three-county Mississippi Gulf Coast has experienced a four month increase of 3.3% in sales tax base in addition to experiencing increases in 29 out of the last 35 months.

Due to Gulfport’s sales tax revenue realized growth for the past few years, the projected increase in sales tax revenue budget for 2016 is estimated at a 1% increase over estimated FYE 15 sales tax revenue, to \$2.6 million, increasing sales tax revenue \$200,000.

## Staffing Summary Change

<sup>2</sup> Gulf Coast Business Council, Mississippi Gulf Coast Economic Snapshot, February 6, 2015, [www.msgcbc.org/docmsgcbc/homepage/GCBC%20EconSnapshot%202015\\_02.pdf](http://www.msgcbc.org/docmsgcbc/homepage/GCBC%20EconSnapshot%202015_02.pdf)

## Effects from the “Managed Attrition Program”

The table below compares the change in departmental employee counts in 2009 to the projected employee counts for 2016. Since 2009, the City has implemented what has been referred to as a “managed attrition program.” Under this program, as some employees left the City, they were not replaced. This resulted in related duties were absorbed within other jobs and or departments.

As a result of this program, the City was able to reduce its payroll budget by more than \$6 million and its FTE (Full Time Employee) count decreased by 112.5 or 15%; from 745.5 to 633 FTE’s. This has been the City’s single best tool in addressing the challenges outlined at the beginning of this report and balancing its ongoing revenues to expenses.

Staffing Comparison Chart 2009 vs. 2016				
Department	Number of Full Time Employees			
	Budgeted FTE 2009	Proposed FTE 2016	Change	% Change
Police <sup>1</sup>	282.5	219	-63.5	-22%
Fire	176	165	-11	-6%
Leisure Services	90	78	-12	-13%
Urban/Economic/Community Development	44	30	-14	-32%
General Administration <sup>2</sup>	39	35.5	-3.5	-9%
Public Works and Engineering	39	38	-1	-3%
Judicial (Courts)	27	24	-3	-11%
Utility Billing and Collecting <sup>2,3</sup>	24	18.5	-5.5	-23%
Legal (City Attorney)	11.5	10	-1.5	-13%
Legislative	9	9	0	0%
Executive (Mayor)	3.5	4	0.5	14%
<b>Total FTE Count</b>	<b>745.5</b>	<b>631</b>	<b>-114.5</b>	<b>-15%</b>
<sup>1</sup> Five grant funded positions were eliminated due to lack of availability to fill positions.				
<sup>2</sup> A Capital Project Manager is expected to be split between general fund and water and sewer funds.				
<sup>3</sup> The utility billing and collecting function was outsourced in 2009 and the City was paying for 24 FTE’s. This number was reduced to 18 when the City brought this back in-house on October 2011.				

### Budget in Brief

<b>Proposed Revised Summary of Revenues, Expenses, for Fiscal Year Ending September 30, 2016</b>		
	<b>Estimated FYE 2015 Actual</b>	<b>FYE 16 Revised Proposed Budget</b>
<b>Estimated Revenues:</b>		
Property Taxes	\$ 23,685,200	\$ 24,113,878
Sales Tax	20,435,000	20,639,350
License/Permits/Franchise Fees	5,612,160	5,277,000
Gaming Fees	3,217,360	3,350,000
Grants (Federal, state & local)	30,436,181	84,436,982
Fines and Forfeitures	1,500,000	1,400,000
Intergovernmental	2,102,000	2,340,796
Charges for Services	34,959,400	36,334,432
Miscellaneous - includes Other Financing Sources	35,372,690	7,989,722
<b>Total Estimated Revenues</b>	<b>\$ 157,319,991</b>	<b>\$ 185,882,160</b>
<b>Proposed Expenses:</b>		
Capital Projects	\$ 61,006,684	\$ 82,276,176
Public Works/Water and Sewer	31,476,624	31,474,806
General Government	10,002,791	9,449,671
Police Protection	18,966,089	18,308,439
Debt Service	12,397,600	14,585,045
Fire Protection	12,111,214	12,167,016
Culture and Recreation	7,238,880	7,423,127
Urban, Community & Economic Dev	10,636,723	12,295,872
<b>Total Proposed Expenses</b>	<b>\$ 163,836,605</b>	<b>\$ 187,980,152</b>
Note: Does not include Self Insured Health Insurance Fund and Self Insurance Claims Fund New projects added in revised budget: Aquarium, Harbour Elevated Structure and Bayou View ADA Improvements.		

## Financial Overview

### Debt Management

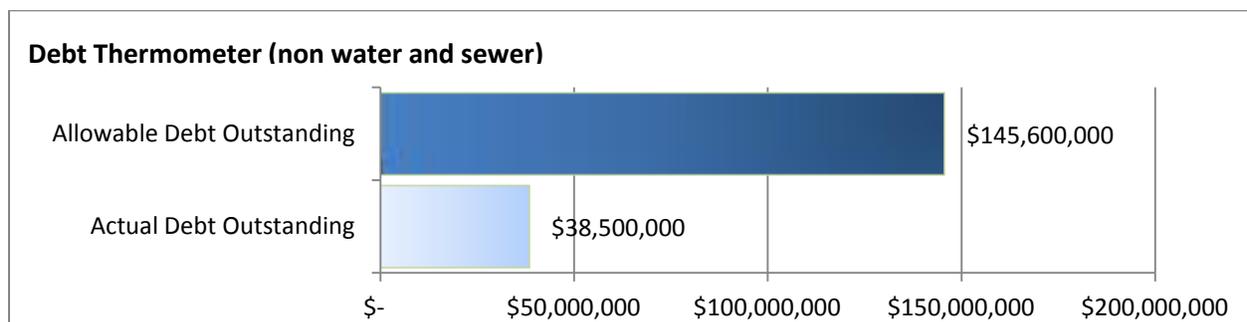
The City currently has \$100.7 million in “direct” outstanding debt consisting of \$38.5 million relating to debt being supported by property taxes for purposes of maintaining and upgrading streets, bridges,

drainage systems, and parks; while, \$62.3 million is related to water and sewer infrastructure expansions and upgrades. Additionally, the City is responsible for approximately \$55 million in debt through the Harrison County Utility Authority bringing the total debt being serviced by the City to around \$147 million. Total direct debt interest and principal payments will cost \$13.4 million for the upcoming year (Water and Sewer \$8.3 million; Tax Supported \$5.0 million).

**Legal debt Margin Calculation**

- State Law restricts the amount of outstanding debt a Municipality can have which is repaid through property taxes. Debt that is repaid by rates and fees is exempt from this calculation, i.e. water and sewer. Total debt outstanding repaid through property tax shall not exceed 20% of gross assessed value of all assessed value of property within the municipality. Below is a calculation of Gulfport’s legal debt margin for FYE 2015 absent of any new debt issuances.

Loan Debt Margin Calculation	
FYE 2015 Gross Assessed Valuation	\$ 728,000,000
Times 20% Allowable	*20%
Allowable Debt Outstanding-20% Rule	\$ 145,600,000
Actual Debt Outstanding	\$ 38,500,000
Debt Margin - Borrowing Capacity	\$ 107,100,000



Gulfport is currently at 26% of capacity which allows for \$107.1 million for further debt issuance(s) under the State’s formula. Gulfport currently is in excellent shape with regards to the amount of outstanding debt (subject to being repaid through property taxes) as a percentage of property value. For many governments, utilizing 50% of their debt capacity would be considered standard; however, for Gulfport to continue to enjoy its strong bond rating, this amount should stay below 30%. To reach or

exceed this amount would require an ad valorem tax increase, and most probably, place Gulfport’s Bond Rating under close scrutiny by the rating agencies.

**Notes and Considerations impacting future debt capacity:**

1. In December, 2014, the City issued \$30 million in bonds which will fund capital improvement projects. \$16 million of the \$30 million will be allocated to and paid by the Debt Service Fund.
2. In June, 2015, a General Obligation Water and Sewer Refunding Bond was issued resulting in \$1.9 million in debt savings to the City of the life of the bond and refunded bond.

Both of the above items will need to be considered when determining the maximum amount of new debt available to be incurred absent of an ad valorem tax increase or restructure of existing debt.

**Capital Projects**

For the upcoming 2016 fiscal year, the City intends to carryover a total of \$23.5 million in unspent capital projects which are in the “work in progress” stage and new funding for capital projects from the Water and Sewer Fund of \$936,527 is being proposed for the upcoming year.

Capital Projects Funding- Revised	
Funding Source(s)	Amount
FEMA/Disaster Recovery	\$ 7,101,957
CDBG/Katrina Supplemental Relief	\$ 3,034,575
Capital Projects Funds- Bond Issues, General Fund, Transfers, Grants, Etc.	\$ 77,621,052
Water and Sewer	\$ 936,527
Total Capital Projects Funding	\$ 88,694,111
Revised includes Aquarium, Harbor Elevated Structure and Bayou View ADA Improvements	

**Contributions to Not for Profit Agencies**

The below list contains proposed funding amounts for various agencies who are considered not-for-profits and who either perform a service for the Citizens of Gulfport or promote economic development activities throughout Gulfport.

Agency Name	Amount Proposed
Harrison County Library System	\$ 350,000
Harrison County USM Bond Payment	\$ 52,000
Gulfport Main Street	\$ 3,500
Cruisin the Coast	\$ 15,000
Harrison County Soil and Conservation	\$ 15,000
Mental Health Association of South MS	\$ 10,000
Fairgrounds Horseshow	\$ 15,000
Memorial Day Concert (Sounds by the Sea)	\$ 9,500
NAACP MLK Parade	\$ 3,500
American Red Cross	\$ 3,500
Disability Connection	\$ 5,000
2016 MS Gulf Resort Classic	\$ 2,500
Gulf Coast Legislative Reception	\$ 1,500
CASA-Harrison County	\$ 1,000
Fishing Tournament/Gulf Coast Tournament	\$ 3,750
Total	<u>\$ 490,750</u>

## General Fund Financial Summary-Revised

2015 Budget versus 2016 Revised Proposed Budget			
	2015 Revised Budget	2015 Estimated Actual	2016 Revised Proposed Budget
Operating Revenues	55,111,768	55,775,110	55,719,456
Operating Expenditures	55,835,113	55,737,115	55,665,317
Excess/(deficiency) of Revenues			
over expenditures	(723,345)	37,995	54,139

### FYE 2016 General Fund Budget Plan

As per the Financial Summary above, the FYE 2015 reflects a small surplus with projected revenues exceeding expenditures by \$37,995 which is less than 1%. Gulfport’s General Fund budget is approximately the same in terms of overall dollars as compared to six (6) years ago, year ending 2007. It is hopeful the local economy will continue to grow to allow the City to increase cash reserves as the budget surplus increases.

#### Revenue Enhancements:

1. Sales Taxes
  - An increase of \$204,350 over current year estimated sales tax revenue. The current estimated revenue for this category is \$20,435,000. Through the month of June 2015, sales taxes are projected to exceed the current budget by approximately \$235,000 resulting in approximately \$20,435,000 in revenues for the current year. A minimal projection of a 1% increase over actual revenues is projected for FYE 2016 which would result in an estimated sales tax revenue budget of \$20,639,650.
  
2. Property Taxes
  - An increase of \$350,000. Total assessed values of taxable property are within \$75,000 for the last two years. Ninety-two percent of property tax revenues have been collected through June 2015, slightly higher than prior year. However, FYE 15 property tax revenue was decreased by \$350,000 (general fund portion) for the payoff of a one-time Section 42 Housing settlement. Due to these factors, the total estimated FYE 16 property tax revenue budget is estimated at \$18,350,000.

3. Licenses / Permits / Franchise Fees

- Decrease of \$162,160 over current estimate of \$5.6 million.
- The reason for the decrease is due to an anticipated reduction in Mississippi Power Franchise Fees of approximately \$373,000. While we anticipate other license and permit fees to increase, such as gaming privilege tax, the City will project a conservative decrease of \$162,160.

4. Gaming

- An increase of \$132,640. The current anticipated revenue for this category is \$3,217,360. Island View Casino has recently made a \$50-\$60 million expansion. With the addition of 400 hotel rooms, there will be a significant increase in the number of visitors to the casino which should enhance gaming revenues. For the current year, it is expected that gaming revenue will exceed current budget by \$232,030 (a 7.5% increase over budget). Due to this current year increase, the projected gaming revenues were increased over current estimated revenues by a conservative 5% or \$132,640.

5. Court Fines

- A decrease of \$100,000 from current estimated budget. Fines and forfeiture revenues have been decreasing for several years. Current year estimated revenues for fines and forfeitures are expected to show a shortfall of \$397,000 over budget. However, other components of court fines for the current year are showing revenues slightly over budget. The fines and forfeiture component of court fine revenue is reduced by 9.5% of current estimated revenues, representing a \$100,000 reduction.

6. Miscellaneous Revenue

- A decrease of \$583,500 from current estimated budget. Current year estimated miscellaneous revenues included an approved allocation for monies received from the bond of \$500,000.

**Expenditure Changes:**

There is an overall increase in electricity costs of ~20% for all departments due to anticipated rate increase for FY 2016. In addition, there is a flat \$1,125 including benefits (\$1,000 COLA adjustment) across the board, except sworn Police Officers. Sworn Police Officers' raise is \$2,500 including benefits, (\$2,000 base salary increase). Other minor salary adjustments are also included.

1. Leisure Service
  - Addition of a part-time senior center position to increase service to seniors and an additional maintenance foreman position
  - Increase of \$86,400 for baseball lights
  - Increase of \$52,182 for rental of equipment approved in current year but not budgeted
  
2. General Administration
  - Reclassification of audit fees from general administration to legislature
  - Elimination of project manager position from original budget
  - Elimination of grant writer position
  
3. Engineering
  - Increase in Director of Engineering Salary to \$110,000 (all inclusive)
  
4. Legislative
  - Reclassification of audit fees from general administration to legislature
  - Additional \$20,000 for capital asset purchases

## Water and Sewer Fund Financial Summary

2015 Budget versus 2016 Revised Proposed Budget			
	2015 Revised Budget	2015 Estimated Actual	2016 Revised Proposed Budget
Operating Revenues	44,763,000	45,493,692	32,814,432
Operating Expenditures	45,318,824	45,318,824	32,814,432
Excess/(deficiency) of Revenues			
over expenditures	(555,824)	174,868	-

Notes:

1. The above amount includes water and sewer capital projects of \$936,527 which are part of the Board approved 2013 Water and Sewer Master Plan.
2. In addition, the new project manager position has been eliminated in the revised budget.
3. The City’s water and sewer fund is financially stronger than it has been in many years. For the current 2015 year, it is expected to increase the cash reserves by \$174,868 with revenues expected at \$45.5 million and expenses at \$45.3 million. It should be noted, revenue includes \$14 million in bond revenue and expenditures include \$14.2 in water and sewer capital projects. For the upcoming 2016 year, revenues are increased by 4% to comply with the Board approved 2013 Water and Sewer Master Plan and the projected net increase is allocated to new capital water and sewer projects of \$936,527.

## Self Insurance Funds Financial Summary

<b>2015 Revised Budget versus 2016 Proposed Budget</b>			
	2015 Revised Budget	2015 Estimated Actual	2016 Proposed Budget
Operating Revenues	5,641,000	6,021,657	6,035,438
Operating Expenditures	5,502,500	7,166,576	6,845,500
Excess/(deficiency) of Revenues over expenditures	138,500	(1,144,919)	(810,063)

**Note:**

- The \$1.1 million deficit in the Employees' Health Care Fund is primarily due to retiree insurance claims exceeding retiree premiums. It is anticipated that again in FYE 2016, retiree claims will exceed premiums by almost \$1.0 million.

<b>Claims and General Liability 2015 Revised Budget versus 2016 Proposed Budget</b>			
	FYE 2015 Revised Budget	FYE 2015 Estimated Actual	FYE 2016 Proposed Budget
Estimated Revenues			
Interest and Misc Revenues	1,000	53,500	1,000
Employer Contributions	3,124,364	3,462,442	3,057,504
Total Projected Revenues	3,125,364	3,515,942	3,058,504
Proposed Expenditures			
Claims and judgments	1,105,000	1,105,000	1,105,000
Insurance premiums	1,750,000	1,627,098	1,627,098
Other services and charges	205,000	144,250	144,250
Total Proposed Expenditures	3,060,000	2,876,348	2,876,348
Excess/(deficiency) of revenues over expenditures	65,364	639,594	182,156

## **Future Economic Development Activities on the Horizon**

1. Hotel Development – A new “Boutique” hotel is expected to be completed in the near future and will be located in the Gulfport Downtown area. It is anticipated that this will assist in the revitalization of the downtown area and increase revenues for other businesses located nearby.
2. Island View – The Island View Casino has recently renovated their hotel tower south of Highway 90. The renovations include over 400 additional hotel rooms, several restaurants, and convention space.
3. Downtown Revitalization - Downtown Gulfport recently completed one of the largest façade programs in U.S history. The \$4.4 million program remade nearly 80 building fronts in the downtown district. Another \$7.6 million is being spent on downtown infrastructure such as lighting and boulevard upgrades, new and improved sidewalks, landscaping, paving, utility enhancements and relocations, and etc. This project is almost complete and the payback has been significant. Many new restaurants now operate within the downtown district and many more are slated to come.
4. Gulfport Highlands-Gulfport Highlands has broken ground with the first building that is located on Highway 605 north of I-10. The development plans consist of 120,000 square feet of office space and 200,000 square feet of retail space. The Gulfport Highlands project has not progressed over the past year. The City remains hopeful for the completion of the Gulfport Highlands. Additionally, the Highway 605 corridor continues to develop with a new Walgreens located at the Southeast Corner of Pass Road and Cowan Road along with significant development north of Pass Road.
5. Wal-Mart Neighborhood Stores – Wal-Mart has built a neighborhood store, better known as Wal-Mart Express in Gulfport.

## Future Issues, Concerns, and Uncertainties

### 1. **Unfunded Katrina Projects-**

In excess of \$250 million in Hurricane Katrina Recovery related work was performed in Gulfport. Ninety eight percent (98%) of this work was performed without any eligibility issues; however, It has been determined that several Katrina related recovery projects which were originally thought to be wholly funded by FEMA may not meet FEMA's eligibility requirements. In total, these items are estimated in excess of \$4-\$5 million which represents about 2% of all City FEMA funded Katrina Recovery projects. The City is currently working with FEMA to acquire a current list of projects whereby funding has been denied.

Again, the City will make a determination upon final notification from FEMA of the denial of funding as to whether the City's course of action will be to appeal or arbitrate FEMA's denial.

### 2. **Infrastructure Deterioration and Obsolescence and Machinery and Equipment Replacements-**

As discussed on Page 3 of this report, there is a need for an overall plan for capital asset replacements and upgrades. While progress has been made through the Water and Sewer Master Plan and the issuance of a \$30 million bond in December, 2014, addition funds and planning are needed to meet the future needs of the City and its Citizens through the upcoming years.

### 3. **Gulfport South Sewer Treatment Facility –**

It has been communicated to the City by the Harrison County Utility Authority that the Gulfport South Treatment Plant no longer meets EPA standards regarding sewer treatment and disposal. The cost of addressing this issue is expected to exceed \$20 million. Although this will not affect the current proposed budget, subsequent years' budgets will be impacted.

### 4. **Economic Development-**

Although Gulfport is the coastal leader in retail sales, much retail growth has occurred in and around our neighboring cities. Gulfport must continue to aggressively market itself to the entire region and nation. Continued effort in the area of economic development will be a must as businesses compete between local jurisdictions for competitive incentive packages before choosing their location for doing business. The City is addressing this issue through tax incentive programs and has hired an economic development director.

### 5. **Future Uncertainty of the National, State, and Local Economies-**

As all of us are aware of the challenges facing the national, state, and local economies, Governmental entities are not immune to these same issues which affect the private sector and our own personal finances. Issues such as: 1) high unemployment, 2) tightening of credit with lending institutions, 3) decline in consumer spending, 4) high cost of property insurance, and 5) the overall uncertainty of what the future holds is a recipe for financial and economic challenges such as pending litigation and Section 42 tax reductions.

Sales Tax is vital to the City's well-being with it making up 37% of the City's General Fund Revenues. With such a significant portion of the City's revenue stream being sensitive to economic conditions, Gulfport has been re-tooling the way it is delivering essential services to its citizens by becoming more efficient and cost conscience.

## Closing

In closing, I would like to commend all of those City Directors and department heads who worked so hard in streamlining and reducing their respective budgets to help ensure the City's continued financial solvency. This has been an ongoing process over the past several years. None of this has been easy.

Also, I would like to thank the Mayor, Chief Administrative Office, and City Council in supporting the Administration during the budget process. As a result, many positive discussions took place; which in turn, provided an appropriate forum for citizens to learn about the financial and economic challenges facing this City while allowing the City to continue to move in a positive direction.

Sincerely,

Linda K. Elias  
Comptroller

## **Appendix A**

### **State of Mississippi Budgeting Laws and Regulations**

- ✓ Budget shall be adopted no later than September 15 for the subsequent year's budget beginning October 1.
- ✓ A public hearing shall be held no later than one week prior to the adoption of the budget. Also, the Tax Levy must be adopted at this same meeting or at a separate meeting at least one week before final adoption of budget.
- ✓ Advertisement for both tax levy and public hearing shall take place two weeks prior to public hearing and adoption of levy and no less than seven (7) days from the first advertisement.

## Appendix B

### Accounting Structure

State Law requires the City establish individual Funds to separately account for resources and expenses relating to such activities as capital projects, debt service, public utility, etc. Funds are similar in nature to a private sector's division or segment. Listed below is a breakdown of the City's individual funds with a brief explanation of their purpose:

Fund Name	Fund Purpose
General Fund	Established to account for activities that are traditional in nature to governmental entities and which are not required to be reported in another fund. Examples of General Fund activities include: public safety (police and fire), public works (non water and sewer), recreation, planning \ zoning, general administration, legal, courts, etc.
Capital Projects	This fund is used to account for resources relating to the acquisition and construction of major facilities and infrastructure improvements other than those financed by the water and sewer utility fund. Primary funding for this fund comes from Grants, bond issues, funds transferred in from the General Fund.
Debt Service	This fund is used to account for resources relating to the repayment of debt (principal and interest). Note: this does not include water and sewer related debt which is paid by the water and sewer utility fund. This fund's primary source of revenue is property taxes.
Public Employees Retirement Fund	This fund is used to account for resources used in funding the "old" Police and Fire retirement system. This fund's primary revenue source is property taxes.
Community Development Block Grant Fund (CDBG)	This fund is used to account for resources associated with various Federal Grants. These funds must be spent according to strict guidelines. Resources of this fund is being used to fund activities such as the downtown facade program, downtown streetscapes, long term workforce housing, housing rehab, and activities benefiting low to moderate income households.
Disaster Relief Fund	This fund is used to account for resources associated with "major" natural and man-made disasters when Federal and State Grants will be received by the City to help in its recovery. Recent examples of this are Hurricanes Katrina, Gustav, and BP oil spill.
Employee's Health Insurance Fund	This fund is used to account for resources relating to providing health care to City employees.
Claims Contingency Fund	This fund is used to account for resources relating to property, general liability, and worker's compensation claims.
Police Forfeits and Seizure Fund	This fund is used to account for resources relating to assets seized by the City's Police Department.
Joseph T. Jones Fund	This fund is used to account for resources relating to the operations and maintenance of leasing of boat slips and other facilities within the Joseph T. Jones Yacht Basin.
Water and Sewer Fund	This fund is used to account for resources relating to the operations of the City's water and sewer utility system. It is intended that all of the resources associated with this fund are to be derived from user charges.

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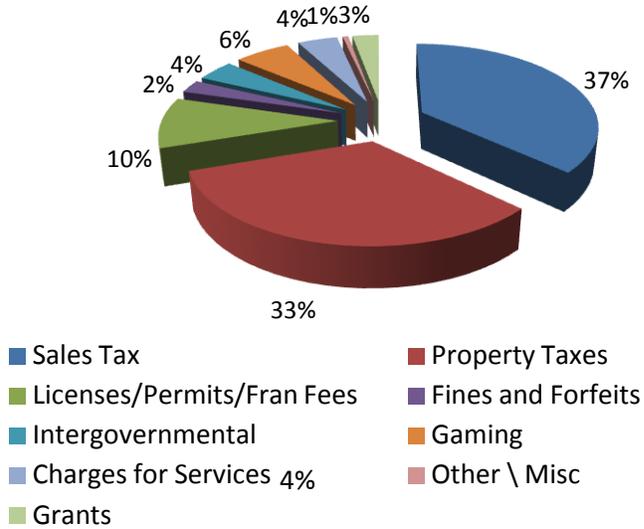


## GENERAL FUND

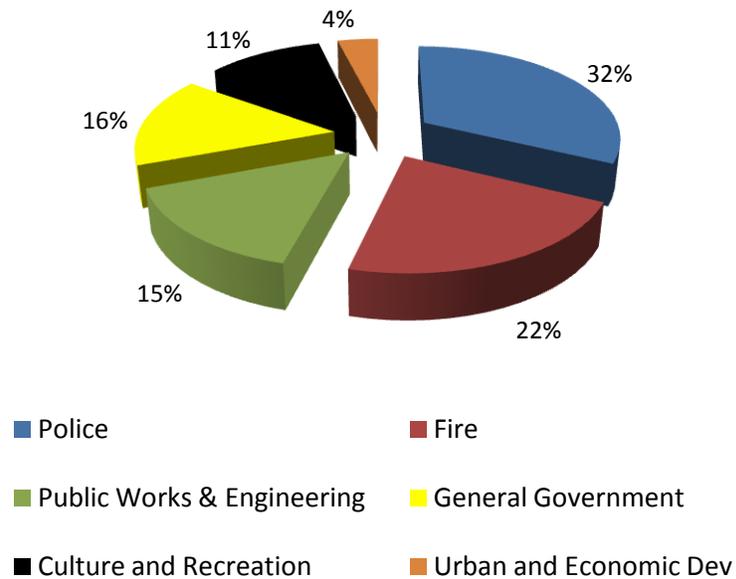
The General Fund is the City's largest fund and is used to account for all activities that are traditional in nature to governmental entities and which are not required to be accounted for in another fund. Examples of General Fund activities include the following:

- General Government – Serves as the administrative arm of the city. Departments which carry out this function include: Executive ( Mayor ), Legislative ( Council ), Judicial ( Courts ), Legal ( City Attorney ), General Administration, and Public Transportation.
- Public Safety – Serves as protection to the general public with regards to life, health, and property. Departments which carry out this function include Police and Fire.
- Public Works – Serves to manage the City's overall infrastructure. This includes but is not limited to road and bridge maintenance, drainage prevention and control, and traffic signalization.
- Culture and Recreation – Serves to promote cultural activities for all ages. These activities include summer day camps for our youth, senior citizen programs for our elderly, various sports and recreational programs, and maintenance of parks and playgrounds. Divisions which carry out this function include Leisure Services, Building Maintenance, Senior Citizens, and Cemetery.
- Urban and Economic Development – Serves to ensure zoning laws and building codes are enforced. This entails such activities as building plans review, inspections, and the issuance of building permits. The major divisions which carry out this function is Building Code, Planning and Zoning, and Code Enforcement.

**General Fund Revenue  
Where Does the Money Come From?**



**General Fund Expenditures  
Where Does the Money Go?**



**City of Gulfport**  
**General Fund Proposed Budget**  
**For Fiscal Year Ending 9/30/16**

	FY 2016 Original Proposed Budget	Changes from Proposed Budget	FYE 2016 Revised Proposed Budget	
<b>Operating Revenues</b>				
1	Sales Tax	20,639,350		20,639,350
2	Property Tax	18,350,000		18,350,000
3	Licenses, Permits, & Franchise Fees	5,450,000	(173,000)	5,277,000
4	Gaming Fees	3,350,000		3,350,000
5	Grants (Federal, State, Local)	1,597,310		1,597,310
6	Court Fines	1,400,000		1,400,000
7	Intergovernmental	2,300,000	40,796	2,340,796
8	Charges for Service/Rents/Leases	2,420,000		2,420,000
9	Misc/Other	345,000		345,000
10	<b>Total Projected Revenues</b>	<u>55,851,660</u>	<u>(132,204)</u>	<u>55,719,456</u>
<b>Operating Expenses</b>				
<b>11 Executive (Mayor)</b>				
12	Personal Services	266,998	(2,224)	264,774
13	Materials and Supplies	2,660		2,660
14	Other Services and Charges	28,941		28,941
15	Capital Outlay	-		
16	<b>Total Executive</b>	<u>298,599</u>	<u>(2,224)</u>	<u>296,375</u>
<b>17 Legislative (Council)</b>				
18	Personal Services	363,583	632	364,215
19	Materials and Supplies	8,350	(2,050)	6,300
20	Other Services and Charges	67,460	74,223	141,683
21	Capital Outlay	-	20,000	20,000
22	<b>Total Legislative</b>	<u>439,393</u>	<u>92,805</u>	<u>532,198</u>
<b>23 Judicial (Courts)</b>				
24	Personal Services	1,252,106	(89,787)	1,162,319
25	Materials and Supplies	28,950		28,950
26	Other Services and Charges	480,409		480,409
27	Capital Outlay	-		-
28	<b>Total Judicial</b>	<u>1,761,465</u>	<u>(89,787)</u>	<u>1,671,678</u>

**City of Gulfport**  
**General Fund Proposed Budget**  
**For Fiscal Year Ending 9/30/16**

	FY 2016 Original Proposed Budget	Changes from Proposed Budget	FYE 2016 Revised Proposed Budget		
<b>29 Legal</b>					
30	Personal Services	895,256	3,664	898,920	Note 3
31	Materials and Supplies	5,079		5,079	
32	Other Services and Charges	365,150		365,150	
33	Capital Outlay	-		-	
34	<b>Total Legal</b>	<u>1,265,485</u>	<u>3,664</u>	<u>1,269,149</u>	
<b>35 Administration and Finance</b>					
36	Personal Services	2,467,495	(142,707)	2,324,788	Note 3
37	Materials and Supplies	118,835		118,835	
38	Other Services and Charges	1,632,044	(70,000)	1,562,044	Note 4
39	Capital Outlay	227,270		227,270	
40	<b>Total Administration and Finance</b>	<u>4,445,643</u>	<u>(212,707)</u>	<u>4,232,937</u>	
		-		-	
41	<b>Public Transportation</b>	<u>424,735</u>	<u>-</u>	<u>424,735</u>	
<b>42 Police</b>					
43	Personal Services	14,392,930	184,171	14,577,101	Note 3
44	Materials and Supplies	1,261,343		1,261,343	
45	Other Services and Charges	2,165,369		2,165,369	
46	Capital Outlay	80,000		80,000	
47	<b>Total Police</b>	<u>17,899,643</u>	<u>184,171</u>	<u>18,083,814</u>	
<b>48 Fire</b>					
49	Personal Services	11,005,138	30,706	11,035,844	Note 3
50	Materials and Supplies	498,174		498,174	
51	Other Services and Charges	632,998		632,998	
52	Capital Outlay	-		-	
53	<b>Total Fire</b>	<u>12,136,310</u>	<u>30,706</u>	<u>12,167,016</u>	
<b>54 Public Works</b>					
55	Personal Services	1,544,318	9,750	1,554,068	Note 3
56	Materials and Supplies	1,295,950		1,295,950	
57	Other Services and Charges	3,325,748		3,325,748	
58	Capital Outlay	13,000		13,000	
59	<b>Total Public Works</b>	<u>6,179,016</u>	<u>9,750</u>	<u>6,188,766</u>	

**City of Gulfport**  
**General Fund Proposed Budget**  
**For Fiscal Year Ending 9/30/16**

	FY 2016 Original Proposed Budget	Changes from Proposed Budget	FYE 2016 Revised Proposed Budget		
<b>60 Engineering</b>					
61	Personal Services	581,228	(3,668)	577,560	Note 3
62	Materials and Supplies	19,700		19,700	
63	Other Services and Charges	1,709,920		1,709,920	
64	Capital Outlay	-		-	
65	Total Engineering	<u>2,310,848</u>	<u>(3,668)</u>	<u>2,307,180</u>	
<b>66 Leisure Services</b>					
67	Personal Services	3,369,893	58,172	3,428,065	Note 3
68	Materials and Supplies	828,981		828,981	
69	Other Services and Charges	2,075,084		2,075,084	
70	Capital Outlay	-		-	
71	Total Leisure Services	<u>6,273,958</u>	<u>58,172</u>	<u>6,332,130</u>	
<b>72 Urban Development</b>					
73	Personal Services	1,542,744	3,895	1,546,639	Note 3
74	Materials and Supplies	39,110		39,110	
75	Other Services and Charges	216,655		216,655	
76	Capital Outlay	-		-	
77	Total Urban Development	<u>1,798,509</u>	<u>3,895</u>	<u>1,802,404</u>	
<b>78 Economic Development</b>					
79	Personal Services	246,898	(1,877)	245,021	Note 3
80	Materials and Supplies	5,300		5,300	
81	Other Services and Charges	126,615	(20,000)	106,615	Note 5
82	Capital Outlay	-		-	
83	Total Economic Development	<u>378,813</u>	<u>(21,877)</u>	<u>356,936</u>	
84	Total Proposed Operating Expenditures	<u>55,612,416</u>	<u>52,901</u>	<u>55,665,317</u>	
85	Excess/(deficiency) of Revenues over Expenses	<u>239,244</u>	<u>(185,105)</u>	<u>54,139</u>	

- Note 1 After original budget was presented, it was shared that the potential decrease in franchise fees estimated for FY 16 would be \$373,000 instead of the original estimate of \$200,000; therefore an adjustment downward of franchise fee revenue of \$173,000 is required.
- Note 2 Based on salaries projected for the calculation of administrative fees paid from the Utility Fund to the General Fund, it is estimated that administrative fees should be increased by \$40,796
- Note 3 These adjustments are due to a change in salary/position/COLA by department
- Note 4 These amounts are budget requests and reclassification of audit fees from administration to Council
- Note 5 An expense in the amount of \$20,000 of the Economic Development Fund has been removed



## **CAPITAL PROJECTS FUND**

The Capital Projects fund is used to account for the acquisition and construction of major capital facilities and infrastructure improvements other than those financed by the Water and Sewer, Hurricane, Insurance, and Joseph T. Jones Funds. Examples of these types of activities include the following:

- Street Improvements – Paving \ Widening
- Drainage prevention and control
- Right of way acquisitions
- Building Construction and Renovation
- Parks and Recreational Facilities

**City of Gulfport**  
**Capital Projects Funds Revised Proposed Budget**  
**For the Fiscal Year Ending 9/30/2016**

	FYE 2015 Current Budget	FYE 2016 Revised Proposed Budget
<b>Estimated Revenues</b>		
Grants - (Federal, State & Local)	10,835,270	71,321,052
Other Revenue	<u>20,410,117</u>	<u>6,300,000</u>
Total Projected Revenues	<u>31,245,387</u>	<u>77,621,052</u>
<b>Proposed Expenditures</b>		
Capital Projects Fund - New Projects	-	66,700,000
Capital Projects Fund- Work in Progress	<u>37,564,823</u>	<u>13,336,311</u>
Total Proposed Expenditures	<u>37,564,823</u>	<u>80,036,311</u>
Excess/(deficiency) of Revenues over Expenses	<u>(6,319,436)</u>	<u>(2,415,259)</u>
Bond Issue - 2012 Paving \$10.0 Million Org 357	4,409,958	3,230,152
Bond Issue - 2014 \$6.0 Million Org 358	6,000,000	2,606,156
Bond Issue - 2014 \$10.0 Million Org 359	10,000,000	9,811,062

**Note:**

In Fiscal Year 2012, the city issued a MS Dev Promissory Note for \$10.0 million for paving  
In Fiscal Year 2014, The City issued bonds in the amount of \$30.0 million with \$14.0 million allocated for Water and Sewer Capital Projects.

See detail on following pages for project balances remaining as of 7-31-15.

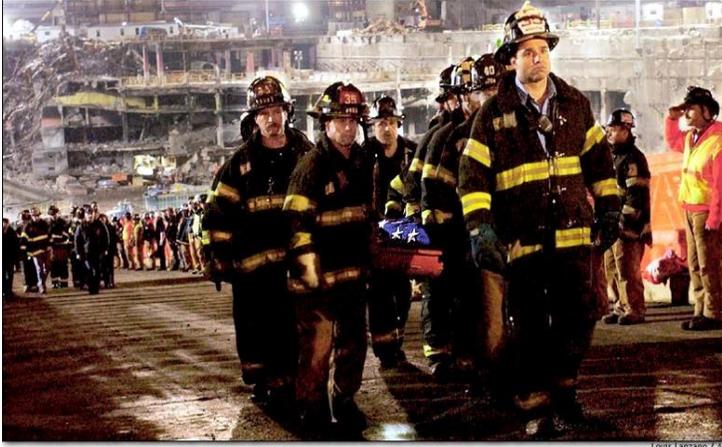
Other capital projects are contained in the Water and Sewer Fund, CDBG Fund, FEMA Fund and Insurance Fund.

Please note: In this revised FY 2016 budget, three new capital projects have been added. See Page 31 for details.

Org	Project	Description	Revised Budget	Actual Expenditures	Encumb	Available
<b>100 Bond Issue - 2012 Paving</b>						
357	02393	28th Street Widening	545,118.00	0.00	0.00	545,118.00
357	02503	Three Rivers Rd/Creosote Rd W	378,739.00	219,059.77	50,773.59	108,905.64
357	02779	2012 Bond Issue- Road Improv	836,014.00	0.00	1,160.00	834,854.00
357	02781	Phase 1	64,225.00	0.00	7,320.01	56,904.99
357	02782	Phase 2	13,311.00	1,651.60	0.00	11,659.40
357	02783	Phase 3	74,034.00	0.00	67,986.65	6,047.35
357	02784	Phase 4	124.00	0.00	0.00	124.00
357	02785	Phase 5	88,275.00	217.50	75,653.60	12,403.90
357	02786	Phase 6	260,266.00	7,446.55	156,010.72	96,808.73
357	02787	Phase 7	593,295.00	204,863.54	29,341.37	359,090.09
357	02788	Phase 8 /East Taylor Rd	508,258.00	45,237.06	20,486.24	442,534.70
357	02789	Phase 9	150,056.00	0.00	4,986.11	145,069.89
357	02796	Courthouse	670,883.00	72,459.41	190,152.02	408,271.57
357	02810	Pass Rd Traffic Signal Software	127,360.00	0.00	0.00	127,360.00
357	02917	Third St Drainage	25,000.00	0.00	25,000.00	0.00
357	02918	Mill Rd Drainage	40,000.00	0.00	0.00	40,000.00
357	02919	53rd Ave Box Culvert	35,000.00	0.00	0.00	35,000.00
			4,409,958.00	550,935.43	628,870.31	3,230,152.26

Org	Project	Description	Revised Budget	Actual Expenditures	Encumb	Available
<b>100 Bond \$6 Million - Part of \$30 Million Bond</b>						
358		Transfer to General Fund	500,000.00	500,000.00	0.00	0.00
358	02394	Lorraine Rd Bridge @ Biloxi	703,373.00	701,985.85	0.00	1,387.15
358	02804	Landon Rd Widening	180,000.00	0.00	0.00	180,000.00
358	02901	Poole St Drainage	100,000.00	32,180.00	0.00	67,820.00
358	02902	Gary & Darren St	200,000.00	135,155.20	56,344.80	8,500.00
358	02903	Whitney Dr	100,000.00	0.00	0.00	100,000.00
358	02904	Airport Rd Paving	200,000.00	0.00	0.00	200,000.00
358	02905	Hand Rd Drainage	75,000.00	21,196.27	9,648.23	44,155.50
358	02906	Harrison Ave Box Culvert	100,000.00	6,325.00	26,117.60	67,557.40
358	02907	Hwy 49 @ 18th St Drainage	50,000.00	0.00	0.00	50,000.00
358	02908	Greenview	250,000.00	29,287.50	8,212.50	212,500.00
358	02909	EPA Stormwater Phase 2	25,000.00	0.00	0.00	25,000.00
358	02910	Glendale St Panel	95,000.00	93,561.91	0.00	1,438.09
358	02911	O'Neal Rd Widening	98,313.00	0.00	0.00	98,313.00
358	02912	Three Rivers Rd Widening	98,314.00	0.00	0.00	98,314.00
358	02913	ADA Compliance	25,000.00	0.00	0.00	25,000.00
358	02914	Royal St/St Charles	200,000.00	0.00	0.00	200,000.00
358	02915	Public Works Equipment	1,000,000.00	538,198.77	461,665.48	135.75
358	02916	Gulfport High Drainage	250,000.00	0.00	0.00	250,000.00
358	02920	Leisure Services Projects	500,000.00	302,951.49	14,604.95	182,443.56
358	05849	Brickyard Bayou	1,000,000.00	149,553.20	74,894.80	775,552.00
358	05850	Coffee Creek	250,000.00	178,524.93	53,435.07	18,040.00
			6,000,000.00	2,688,920.12	704,923.43	2,606,156.45

Org	Project	Description	Revised Budget	Actual Expenditures	Encumb	Available
<b>General Fund Capital Projects in Progress</b>						
345	02341	Seaway Road Widening	3,589,907.00	1,024,106.54	2,563,011.76	2,788.70
345	02382	Joseph T Jones Memorial Park	225,575.00	1,049.83	0.00	224,525.17
345	02386	Jones Park/Harbor Imp '07	1,011,885.00	0.00	0.00	1,011,885.00
345	02393	28th Street Widening	4,127,658.00	360,314.69	3,669,018.73	98,324.58
345	02394	Lorraine Rd Bridge @ Biloxi	154,505.00	154,505.00	0.00	0.00
345	02405	Dedeaux Rd Widening	252,588.00	14,137.52	69,857.27	168,593.21
345	02444	Jones Park Lighting and Infra	381,267.00	0.00	0.00	381,267.00
345	02478	Jones Park Infrastructure '09	36,835.00	36,835.00	0.00	0.00
345	02480	Harbor Master Bulkhead	240,506.00	0.00	0.00	240,506.00
345	02484	19th St Community Center	28,379.00	1,350.00	0.00	27,029.00
345	02503	Three Rivers Rd/Creosote Rd WD	2,658,739.00	1,609,201.80	948,235.14	101,302.06
345	02505	Fire Station #8 Upgrade	57,773.00	19,420.32	20,355.21	17,997.47
345	02748	Harrison Co Dist 4 Paving	42,585.00	25,845.00	0.00	16,740.00
345	02759	Improvements to Struthers	109,061.00	0.00	4,092.50	104,968.50
345	02765	Jones Park Imp-Barksdale Donation	125,347.00	0.00	0.00	125,347.00
345	02770	Jones Park Imp- Leo Seal Donation	250,000.00	71,323.60	0.00	178,676.40
345	02775	Ward 1 Park Improvement	20,000.00	0.00	0.00	20,000.00
345	02780	Sportsplex proj/improv	214,150.00	213,363.79	360.00	426.21
345	02792	Tidelands 2013	298,590.00	16,751.28	0.00	281,838.72
345	02810	Pass Rd Traffic Signal Software	50,000.00	18,314.34	31,153.23	532.43
345	02811	Greenway and Blueway Dev	16,800.00	13,440.00	3,360.00	0.00
345	02812	Dolan Ave Drainage	200,000.00	191,014.96	6,452.58	2,532.46
345	02814	Tidelands 2014	225,000.00	0.00	0.00	225,000.00
345	02815	Tidelands 2015	417,208.70	217,878.44	129,083.83	70,246.43
345	02817	Tidelands 2015	100,000.00	9,195.00	20,282.00	70,523.00
345	02818	Seasonal Light Show	2,500,000.00	0.00	1,307,695.80	1,192,304.20
			<b>17,334,358.70</b>	<b>3,998,047.11</b>	<b>8,772,958.05</b>	<b>4,563,353.54</b>
<b>New Capital Projects</b>			<b>Proposed Budget</b>			
359		Bayou View ADA Improvements	400,000.00	0.00	0.00	400,000.00
345	05848	Harbor Elevated Structure	6,300,000.00	14,977.19	92,522.81	6,192,500.00
345		Aquarium	60,000,000.00	0.00	0.00	60,000,000.00
			<b>66,700,000.00</b>	<b>14,977.19</b>	<b>92,522.81</b>	<b>66,592,500.00</b>



## **POLICE AND FIREMENS' RETIREMENT FUND**

This fund is used to account for tax revenues legally restricted for funding the police and firemen's' retirement plan. All collections are forwarded to the Public Employees' Retirement system ( PERS ). All resources accumulated in this fund are legally restricted for the above mentioned purpose. This fund's principal source of revenue is General Property Taxes.

<b>City of Gulfport</b> <b>Public Employees' Retirement Fund Budget</b> <b>For the Fiscal Year Ending 9/30/2016</b>		
	FYE 2015 Current Budget	FYE 2016 Proposed Budget
Estimated Revenues		
General Property Taxes	988,600	988,600
Shared Revenues	34,000	34,000
Total Projected Revenues	<u>1,022,600</u>	<u>1,022,600</u>
Proposed Expenditures		
PERS Contributions	<u>1,022,600</u>	<u>1,022,600</u>
Excess/(deficiency) of Revenues over Expenses	<u>-</u>	<u>-</u>



## **MUNICIPAL DEBT SERVICE FUND**

This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest. All resources accumulated in this fund are legally restricted for the above mentioned purpose. This fund's principal source of revenue is General Property Taxes. Note that water and sewer related debt is not included within this fund.

**City of Gulfport**  
**Municipal Debt Service Fund Proposed Budget**  
**For the Fiscal Year Ending 9/30/2016**

	FYE 2015 Current Budget	FYE 2016 Proposed Budget
Estimated Revenues		
General Property Taxes	4,696,600	4,775,278
Shared Revenues		
Total Projected Revenues	4,696,600	4,775,278
Proposed Expenditures		
Debt Service Payments	4,277,600	5,686,000
Excess/(deficiency) of Revenues over Expenses	419,000	(910,722)
Other Financing and Sources/Uses-Fund Balance Transfer		910,722
Excess/(deficiency) of Revenues over Expenses	419,000	-

Debt Service Schedule						
Fiscal Year Ending 9-30-16						
Bond Description	Original Issue	Outstanding Principal 10-01-15	FYE 16 Principal Payment	FYE 16 Interest Payment	Total FYE 16 Debt Payment	Outstanding Principal 9-30-16
G/O Refunding 2004 (1996)	6,160,000	715,000	715,000	14,479	729,479	-
G/O Public Improvement 2012	10,000,000	7,305,000	955,000	209,600	1,164,600	6,350,000
TIF Bond	480,000	455,000	15,000	18,200	33,200	440,000
G/O Public Improvement Bond	15,025,000	14,041,545	1,349,098	603,658	1,952,756	12,692,448
G/O Bond 12/2014 \$30m	-	16,000,000	689,000	445,200	1,134,200	15,311,000
Potential Aquarium land payment			300,000		300,000	(300,000)
Equipment Capital Lease	517,622	315,754	103,495	4,872	108,367	212,258
Equipment Capital Lease	415,679	294,605	82,420	4,605	87,025	212,185
Fire Trucks Capital Lease	1,910,117	1,865,000	93,332	82,016	175,347	1,771,668
<b>Total Municipal Debt Service Fund</b>		40,991,904	4,302,345	1,382,629	5,684,974	36,689,559
<b>Water and Sewer Fund # 400</b>						
MS Development Loan PI 2001	420,000	233,571	29,650	27,100	56,750	203,921
G/O Water/Sewer Refunding 2004	3,810,000	945,000	470,000	27,100	497,100	475,000
G/O W/S System Revenue Refunding 2005	47,565,000	10,700,000		561,750	561,750	10,700,000
NEW 2009 - Water Meters	9,500,000	4,180,000	995,000	139,612	1,134,612	3,185,000
G/O Water/Sewer Refunding 2014	2,850,000	2,663,455	255,902	114,504	370,406	2,407,552
G/O Bond 12/2014 \$30m	14,100,000	14,000,000	611,000	394,800	1,005,800	13,389,000
G/O Refunding Bond 2015	18,465,000	18,465,000	2,395,000	816,336	3,211,336	16,070,000
State Revolving Loan Fund #05	3,229,424	1,629,844	167,015	27,187	194,202	1,462,829
State Revolving Loan Fund #06	8,093,778	5,165,899	399,511	87,208	486,719	4,766,388
State Revolving Loan Fund #07	2,214,059	1,145,718	114,004	19,138	133,142	1,031,714
State Revolving Loan Fund #08	15,025,311	9,834,339	737,343	166,206	903,549	9,096,996
State Revolving Loan Fund #09	5,715,121	3,902,002	277,614	66,065	343,679	3,624,388
<b>Total Water and Sewer Fund</b>		72,864,828	6,452,039	2,447,007	8,899,046	66,412,789
<b>Grand Total - All Funds</b>		<b>113,856,732</b>	<b>10,754,384</b>	<b>3,829,636</b>	<b>14,584,020</b>	<b>103,102,348</b>



## COMMUNITY DEVELOPMENT FUND

This fund is used to account for resources associated with various federal grants which addresses such areas as affordable housing, community revitalization, and urban and economic development. The following programs are examples of how these funds are used:

- Housing Rehabilitation loans to persons meeting the low to moderate income criteria
- Construction of Park and Recreational facilities in qualifying areas.
- Social service agencies for activities such as day care services, summer day camps, after school programs, job training, and other related programs
- Funding for street upgrades, drainage prevention and control, sidewalks, and other public improvement projects for blighted areas as defined by HUD.
- Downtown Revitalization
- Long Term Workforce Housing

<b>City of Gulfport</b> <b>Community Development Fund Proposed Budget</b> <b>For the Fiscal Year Ending 9/30/2016</b>		
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	FYE 2015 Current Budget	FYE 2016 Proposed Budget
Estimated Revenues		
Federal Grant Revenue	<u>8,765,882</u>	<u>10,136,532</u>
Proposed Expenditures		
CDBG Grant - Work in Progress	985,999	983,380
HOME Grant - Work in Progress	2,428,989	2,051,195
MDA - Katrina Supplement Grant Work in Progress	5,035,160	7,101,957
EPA Brownfield Grant Work in Progress	<u>64,341</u>	<u>0</u>
Total Proposed Expenditures	<u>8,514,489</u>	<u>10,136,532</u>
Excess/(deficiency) of Revenues over Expenses	<u>251,393</u>	<u>0</u>

COMMUNITY DEVELOPMENT PROPOSED GRANT FUNDS REVENUE

FOR FISCAL YEAR 2016

Grants Balances as of 7-30-2015

CDBG ENTITLEMENT FUNDS

GRANT REVENUE BALANCES 10,136,531.88

CDBG ENTITLEMENT FUNDS

2013 East North Gulfport Playground	93,977.00
2014 Emergency Housing Repairs	84,127.60
2014 Gulf Ave Colony Park Drainage	15,436.81
2014 Housing Safety Program	993.06
2014 28th Street Park Improvements	125,010.92
2015 Administration	109,728.00
2015 Catholic Social Services	10,000.00
2015 Center for Prevention of Child Abuse	10,000.00
2015 de l'Epee Deaf Center	10,000.00
2015 Gulf Coast Community Minisries	10,000.00
2015 Gulf Coast Women Center for Non-Violence	10,000.00
2015 South MS AIDS Task Force	10,000.00
2015 St Vincent dePaul Pharmacy	10,000.00
2015 Emergency Housing Repairs	108,916.00
2015 Various Parks and Facilities Improvements	260,000.00
Unallocated grant funding	115,190.23
CDBG Entitlement Grant Balance	<u>983,379.62</u>

HOME ENTITLEMENT FUNDS

2014 Gulfport-Homebuyer Rehavilitation	152,920.00
2014 Gulfport-Homebuyer Rehavilitation-addition	500,000.00
2014 Gulfport - Homebuyer Assistance	207,237.00
2015 Gulfport - Homebuyer Assistance	193,997.00
2012 Harrison Cty-Homebuyer Assistance	341,088.00
2013 Harrison Cty-Homebuyer Assistance	2,844.00
2014 Harrison Cty-Homebuyer Assistance	45,876.00
2015 Harrison Cty-Homebuyer Assistance	93,400.00
2013 CHDO-Gulfport Acq/Rehab	29,448.90
2013 CHDO-AcqRejas	55,614.00
2014 CHDO-Acq/Rehab	52,152.00
2014 CHDO-Operating	21,845.00
2015 CHDO-Operating	20,528.00
2015CHDO-Unobligated	93,405.00
2010-2014 Administration -IDIS	199,783.19
2015 Administration -IDIS	41,057.00
HOME Entitlement Grant Balance	<u>2,051,195.09</u>

KATRINA - MDA CDBG SUPPLEMENTAL

Downtown Streetscape	951,957.14
West Harbor Expansion	4,150,000.00
Brickyard Bayou Drainage	1,000,000.00
Coffee Creek Drainage	1,000,000.00
	<hr/>
	7,101,957.14
	<hr/>



## **SELF INSURANCE FUNDS**

The City of Gulfport is partially self funded with regards to its Health, Life, Worker’s Compensation, and General Liability Insurance. The City has two separate funds established to account for the resources associated with providing the above referenced insurance coverages; Employee Health Care Fund and Claims Contingency Fund. The budget for both of these funds is contained within this section of the report. Significant losses are covered by commercial insurance while smaller losses are absorbed by the City.

**City of Gulfport**  
**Self Insured Fund (Health Insurance) Proposed Budget**  
**For the Fiscal Year Ending 9/30/2016**

	FYE 2015 Current Budget	FYE 2015 Estimated Actual	FYE 2016 Proposed Budget
<b>Estimated Revenues</b>			
1 Employer Contributions	4,025,000	4,025,000	4,250,500
2 Employee Contributions	1,200,000	1,200,000	1,200,000
3 Retiree Contributions	216,000	216,000	284,938
4 Other Revenues	200,000	580,657	300,000
5 Total Projected Revenues	<u>5,641,000</u>	<u>6,021,657</u>	<u>6,035,438</u>
<b>Proposed Expenditures</b>			
6 Professional Fees	237,000	262,827	264,000
7 Administrative Fees	171,000	173,509	172,500
8 Bank Fees	1,500	1,500	1,500
9 Specific Stop Loss Insurance	433,000	516,096	431,500
10 Insurance Premium - Vision	60,000	60,000	60,000
11 Claims	4,600,000	6,152,644	5,916,000
12 Total Proposed Expenditures	<u>5,502,500</u>	<u>7,166,576</u>	<u>6,845,500</u>
13 Excess/(Deficiency) of Revenues over Expenditures	<u>138,500</u>	<u>(1,144,919)</u>	<u>(810,063)</u>

**Notes:**

For 2016- Employee claims estimated at \$4,696,000 and retiree claims at \$1,220,000

For 2016- Retiree health insurance premiums are increased by 25%

In addition, effective 1/1/16 no new retirees will be accepted in the City's health insurance plan

**City of Gulfport**  
**Self Insured General Liability and Claims Fund Proposed Budget**  
**For the Fiscal Year Ending 9/30/2016**

	FYE 2015 Current Budget	FYE 2015 Estimated Actual	FYE 2016 Proposed Budget
<b>Estimated Revenues</b>			
Interest Earnings and Miscellaneous Revenues	1,000	53,500	1,000
Employer Contributions	3,124,364	3,462,442	3,057,504
Total Projected Revenues	<u>3,125,364</u>	<u>3,515,942</u>	<u>3,058,504</u>
<b>Proposed Expenditures</b>			
Claims and judgments	1,105,000	1,105,000	1,105,000
Insurance premiums	1,750,000	1,627,098	1,627,098
Other services and charges	205,000	144,250	144,250
Total Proposed Expenditures	<u>3,060,000</u>	<u>2876348</u>	<u>2876348</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>65,364</u>	<u>639,594</u>	<u>182,156</u>



## **JOSEPH T. JONES FUND Operations and Maintenance**

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

**City of Gulfport**  
**Joseph T. Jones Fund Proposed Budget**  
**For the Fiscal Year Ending 9/30/2016**

	FYE 2015 Current Budget	FYE 2015 Estimated Actual	FYE 2016 Proposed Budget
<b>Estimated Revenues</b>			
Grants (State and Federal)			
Dockage Fees	1,100,000	1,100,000	1,100,000
Rent/Leases			
Fuel/Retail Sales			
Total Projected Revenues	1,100,000	1,100,000	1,100,000
<b>Proposed Expenditures</b>			
Personal Services	305,407	302,227	300,997
Materials and Supplies	490,000	490,000	490,000
Other Services	300,000	300,000	300,000
Capital Outlay/Capital Projects			
Total Proposed Expenditures	1,095,407	1,092,227	1,090,997

Income/(Loss) from Operations

**Note:**

The amounts contained herein reflect basic operational cost of the harbor and does not include FEMA funds for rebuilding the harbor devastated by Katrina, or funding from General Fund for upgrades, or CIAP funds for 20th Avenue improvements. These resources are contained within the Hurricane and Capital Projects funds respectively.



## **WATER AND SEWER FUND**

This fund is used to account for the activities of the City's water and sewer operations. The City of Gulfport is in a joint venture with the Harrison County Wastewater and Solid Waste Management District. "The District" is made up of a governing board consisting of the mayors from the cities of Gulfport, Biloxi, Long Beach, Pass Christian, D'Iberville, and a representative from the Harrison County Board of Supervisors.

This joint venture was formed as a result of the Clean Water Act. The purpose of this act is to ensure that sewage and solid waste disposal is handled in a manner as to not pose a threat to the environment. The district carries out this function by overseeing the construction and operations of sewage treatment facilities and contracting with private companies for solid waste collection and disposal. The district will in turn charge the various municipalities for the cost associated with providing these services.

**City of Gulfport**  
**Water and Sewer Proposed Budget**  
**For Fiscal Year Ending 9/30/16**

	FYE 2016 Original Proposed Budget	Changes from Proposed Budget	FYE 2016 Revised Proposed Budget	
<b>Operating Revenues</b>				
1	6,716,200		6,716,200	
2	9,745,500		9,745,500	
3	10,341,300		10,341,300	
4	4,000,000		4,000,000	
5	213,432		213,432	
6	1,798,000		1,798,000	
7	-		-	
8	<u>32,814,432</u>		<u>32,814,432</u>	
<b>Operating Expenses</b>				
<b>9 Billing and Collecting</b>				
10	994,720		994,720	
11	72,500		72,500	
12	2,228,858	40,796	2,269,654	Note 1
13	30,000		30,000	
14	<u>3,326,078</u>	<u>40,796</u>	<u>3,366,874</u>	
			-	
<b>15 Water Operations</b>				
16			-	
17	1,892,513	(78,750)	1,813,763	Note 2
18	2,885,366		2,885,366	
19	7,000		7,000	
20	<u>4,784,879</u>	<u>(78,750)</u>	<u>4,706,129</u>	
			-	
<b>21 Sewer Operations</b>				
22	122,546		122,546	
23	909,086		909,086	
24	2,624,226		2,624,226	
25			-	
26	<u>3,655,858</u>	<u>-</u>	<u>3,655,858</u>	

**City of Gulfport**  
**Water and Sewer Proposed Budget**  
**For Fiscal Year Ending 9/30/16**

	FYE 2016 Original Proposed Budget	Changes from Proposed Budget	FYE 2016 Revised Proposed Budget
27 City Debt (Water and Sewer)	8,899,045		8,899,045
28 Harrison County Utility Authority			
29 Sewer Treatment (Debt and O&M)	11,250,000		11,250,000
30 Solid Waster	-		-
31 Total HCUA Cost	<u>11,250,000</u>		<u>11,250,000</u>
32 Water and Sewer Projects			
33 Other Services	898,573	37,954	936,527
34 Capital Projects	-		-
Total Water and Sewer Projects	<u>898,573</u>	<u>37,954</u>	<u>936,527</u>
35 Total Projected Expenditures	32,814,432	-	32,814,432
36 Excess/(Deficiency) of Revenues over Expenditures	<u>(0)</u>	<u>-</u>	<u>(0)</u>

Note 2

Note 1 Based on salaries projected for the calculation of administrative fees paid from the Utility Fund to the General Fund, it is estimated that administrative fees should be increased \$40,796 and therefore the capital projects need to be decreased by \$40,796

Note 2 Contract manager position has been eliminated thus increasing capital projects.

**City of Gulfport**  
**Water and Sewer Fund Capital Projects Detail**  
**For the Fiscal Year Ending 9/30/2016**

Fund	Org	Project	Description	Revised Budget	Actual	Encumb	Available
Expenditures							
<b>400 Water Sewer Capital Projects</b>							
849	02787	Phase 7		87,634.97	66,723.18	761.79	20,150.00
849	82561	Water Well North of I-10		35,901.25	0.00	0.00	35,901.25
849	82562	Seaway Island Water Main Conn		96,712.50	52,316.50	27,867.50	16,528.50
849	82575	Fiber Optic Comm Plan		95,000.00	0.00	65,050.00	29,950.00
				<u>315,248.72</u>	<u>119,039.68</u>	<u>93,679.29</u>	<u>102,529.75</u>
<b>400 Water Sewer Bond \$14 Million Part of \$30 Million Bond</b>							
856	82562	Seaway Island Water Main		848,201.00	0.00	0.00	848,201.00
856	82564	38th Ave Sewer Project		300,000.00	112,623.86	142,615.39	44,760.75
856	82565	Bayou View Tank Replacement		2,071,700.00	0.00	0.00	2,071,700.00
856	82566	Hatten Lane Sewer Improv		825,586.00	37,560.06	788,025.94	0.00
856	82567	Poplar Circle Chamberlain Ave		1,428,015.00	86,306.10	91,388.90	1,250,320.00
856	82568	Ph 1 West 28th St Water Main		1,728,001.00	31,430.75	245,116.75	1,451,453.50
856	82569	Ph 2 West 28th St Water Main		1,728,001.00	42,473.25	231,475.75	1,454,052.00
856	82570	Retreat Village/Oakleigh		1,647,059.00	94,648.94	164,883.06	1,387,527.00
856	82571	Pump Station Rehabilitation		1,196,094.00	11,144.50	180,230.50	1,004,719.00
856	82572	Benefield Sewer Replacement		1,388,825.00	68,155.95	98,503.05	1,222,166.00
856	82573	Lyman Gravity Sewer		688,518.00	36,545.25	46,054.75	605,918.00
856	82574	Biloxi River Estates Paving		150,000.00	0.00	0.00	150,000.00
				<u>14,000,000.00</u>	<u>520,888.66</u>	<u>1,988,294.09</u>	<u>11,490,817.25</u>

Note:

In Fiscal Year 2014, the City issued bonds in the amount of \$30 million with

\$14 million allocated for Water and Sewer Capital Projects.

Detail above is for project balances remaining as of 7-31-15.



## **Disaster Relief Fund**

The City has the Hurricane Fund established to account for resources associated with covering the cost of damages caused by acts of nature such as Hurricanes, Tropical Storms, and Floods. The resources associated with this fund are comprised mostly of Federal Emergency Management Funds (FEMA), Mississippi Emergency Management Funds (MEMA), and City funds which are required for matching purposes.

The scope of these funds center around restoring and rebuilding city owned assets which were damaged by Hurricanes Katrina and Gustav. Examples include rebuilding city owned buildings, restoring water and sewer services to citizens who live along the coastline, and restoring streets and drainage systems throughout the City.

**City of Gulfport  
Disaster Relief Fund Proposed Budget  
For the Fiscal Year Ending 9/30/2016**

	FYE 2015 Current Budget	FYE 2016 Proposed Budget
Estimated Revenues		
Grants - FEMA & MEMA	5,420,000	1,382,088
Proposed Expenditures		
Work in Progress	5,420,000	1,382,088
Excess/(deficiency) of Revenues over Expenses	-	-

Capital Projects  
FYE 2015 Work In  
Progress  
Disaster Relief  
Fund

030 DISASTER RELIEF

18843 CITY-WIDE PROPERTY -HURR ISA	\$ 214,520
18846 PIERS - ISAAC PW GCGNS15	\$ 457,782
18847 JETTIES - ISAAC PW GCGNS16	\$ 39,233
18890 ADMINISTRATION - OUTSIDE CONS	<u>\$ 670,553</u>
TOTAL EXPENSES	<u><u>\$1,382,088</u></u>



## **Police Forfeiture and Seizure Fund**

This fund is used to account for resources relating to assets which were seized by various law enforcement agencies. These assets fall into two types of categories: County/Local shared and Federal seizures. The federal process is handled by the U.S. Marshall's Service while the County/Local seized assets are handled by municipal and county law enforcement agencies. Drug forfeited assets including both cash and property are subject to strict federal guidelines that dictate the use of these funds and other requirements such as non-supplanting of local funds.

<b>City of Gulfport</b> <b>Police Forfeiture and Seizure Fund</b> <b>For the Fiscal Year Ending 9/30/2016</b>
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	FYE 2015 Current Budget	FYE 2016 Proposed Budget
Estimated Revenues		
Shared Revenue (Federal and County)		
Proposed Expenditures		
Personal Services	51,182	49,597
Materials and Supplies	132,901	81,495
Other Services and Charges	52,299	12,259
Capital Outlay	851,826	81,274
Total Proposed Expenditures	1,088,208	224,625
Excess/(deficiency) of Revenues over Expenses	(1,088,208)	(224,625)