



Gulfport
MISSISSIPPI

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2011



CITY OF GULFPORT, MISSISSIPPI

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2011



Submitted by the

Department of Finance & Administration

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

The Introductory Section is intended to familiarize the reader with the organizational structure of the city of Gulfport, Mississippi, the nature and scope of the services it provides and the specifics of its legal operating environment.





February 22, 2012

Honorable Mayor and City Council
City of Gulfport
Gulfport, MS 39501

The Department of Administration and Finance is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Gulfport, Mississippi, prepared in accordance with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2011. These accompanying financial statements are prepared and presented in conformity with GASB Statement #34 – *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. The format, which includes Government-wide and Major Fund presentations, provides citizens, investors and creditors, grantor agencies, and other interested parties with reliable financial information about the City. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the report is accurate in all material respects and is designed to present fairly the financial position and results of operations of the City for fiscal year ending September 30, 2011. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The Annual Financial Report consists of three parts. **(I) The Introductory Section** includes this transmittal letter, the City’s organizational chart, a list of principal City officials, and the geographic location of the City. **(II) The Financial Section** includes: Management’s Discussion and Analysis, the basic financial statements (government-wide and fund statements), notes to the financial statements, other required supplementary information (RSI), and the combining and individual fund financial statements and schedules, as well as the independent auditors’ report on the financial statement schedules. **(III) The Statistical Section** includes several tables of unaudited data describing the financial history of the City as well as other miscellaneous statistics, generally presented on a multi-year basis.

The City is a member of the Harrison County Utility Authority, a joint venture with other local cities to provide adequate wastewater treatment and solid waste disposal services. The city is also involved in a joint venture with the Memorial Hospital at Gulfport, an acute health care center. A synopsis of the two joint ventures’ financial statements for the fiscal year ended September 30, 2011, is included in the notes section of this report.

The Reporting Entity and Services Provided

Incorporated on July 28, 1898, Gulfport is located in South Mississippi in Harrison County. Gulfport is a code-charter municipality operating under a Mayor/Council form of government. The Mayor is full-time and the Council-members are part-time and elected by wards. The Mayor and Council serve concurrent four-year terms. On July 1, 1997 the City added two additional members to the council as a result of a 1994 annexation bringing the total to seven.

In December 1993 the City annexed 33 square miles north of Gulfport becoming the second largest city in Mississippi with a land area of 56 square miles and a population around 68,000. A full range of services are provided including: police and fire protection, water and sewer services, construction and maintenance of streets and infrastructure, planning and zoning, recreational and cultural services, and general administrative services.

Current Economic Conditions

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 post Katrina, and 5) the overall uncertainty of what the future holds is a recipe for financial and economic challenges.

The economic downturn experienced over the past several years and its current “stagnation” continues to have a negative impact on the City’s financial condition. Sales Tax has been adversely effected as consumers “tighten their belts” in an effort to save dollars. This has a ripple effect with our local merchants with less retail sales going through their cash registers. Sales Tax is vital to the City’s well-being with it making up 36% of the City’s General Fund Revenues and 14% of the City’s overall revenue. With such a significant portion of the City’s revenue stream being sensitive to economic conditions, Gulfport is re-tooling the way it is delivering essential services to its citizens by becoming more efficient and cost conscience.

Based upon current trends, it appears that the local economy has stabilized but remains stagnant. Sales Tax Revenue is leveling out and “significant” decreases and unpredictable downward trends are no longer an issue as experienced in prior years.

Future Economic Outlook

The City of Gulfport has several large projects in the works that will assist in improving the tax base of the City.

Downtown Revitalization: The City of Gulfport has invested more than \$12 million in infrastructure improvements, new lighting, and sidewalk improvements in the downtown area. The result has been several new restaurants, bars and office buildings. The downtown area has become known for its restaurants and night life. The City continues to work with additional developers in the downtown area which would include retail, additional office space, and a hotel.

Gulfport Highlands: Gulfport Highland’s development located at the north east corner of Highway 605 and John Ross Road has recently broken ground for its first building. The development will be of a quality not seen in this market. The development will include over 200,000 square feet of retail space, 120,000 square feet of office space and seven out parcels for a bank, pharmacy or hotel. Also located adjacent to this site is the Methodist Senior Service development that will consist of over 150 units for independent living through hospice care.

Anchor Development: Anchor Development is located on the south west quadrant of the intersection of Highway 49 and Landon Road. The development will consist of three hotels, a large big box store, and several outparcels for restaurants. The City is working with a developer to provide better access to the site. The developer has applied for the permit for the first hotel.

State Port at Gulfport: The State Port is in the middle of a \$1.6 billion expansion. The next phase is scheduled to bid in the very near future. The expansion is expected to create 6,500 direct jobs and generate \$10 billion in added personal incomes.

Centennial Plaza: The Gulfport Redevelopment Commission has recently received an RFP’s for a development partner for the former Department of Veterans Affairs site. The Commission is in the process of reviewing the development proposals. The development consists of ten historic buildings dating back to the 1850’s. It is anticipated this development will be a mixed use development featuring office space, restaurants, hotels and convention space.

Hobby Lobby has recently completed its new store in Orange Grove. The addition of this store placed a vacant building back in service and will provide an increase in sales tax receipts.

Financial Information

Accounting System

The Department of Administration and Finance is responsible for providing the financial services for the City including financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management, budgeting, purchasing, and information systems.

The Department of Administration and Finance is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's current internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City maintains specific budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and City Council. Activities of the general fund, special revenue funds, debt service fund, capital projects funds, and proprietary funds are included in the annual appropriated budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major expenditure classification and require approval by the governing body; however, equal transfers between line items within a classification may be approved by the Department Director. For management purposes, the City manages its capital projects program by establishing project length budgets. Under this method, initial project budgets are established and remaining project funds from the previous year are automatically rolled over at year end to establish revised project budgets. The benefits of this method allows the City to only address project budgets on the initial set-up and any amendments that may be necessary throughout the life of the project.

The City maintains an encumbrance accounting system as one budgetary control technique. Encumbrances reserve appropriations, which have been obligated through purchase orders or contractual documents. Encumbered amounts lapse at year end; however, they are generally reappropriated as part of the following year's budget.

Enterprise Funds

Gulfport's enterprise operations consist of the Water and Sewer Fund and the Joseph T. Jones Memorial Park Fund. The Water and Sewer Fund accounts for traditional water and sewer revenues and expenditures to construct and maintain the water and sewer system. The Joseph T. Jones Memorial Park Fund was created to account for operations, maintenance, and leasing of boat slips and other facilities within Jones Park. Financial statements related to both of these enterprise funds are contained in this report.

Debt Administration

The City maintains the Municipal Debt Service Fund to administer the debt associated with its general obligation bonds. A separate ad valorem tax is levied and collected to provide funds to retire such debt. Gulfport's bond rating is one the highest in the State of Mississippi with a Moody's rating of Aa3.

Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed valuation. Gulfport's total assessed valuation is \$740,081,286; therefore, the 15% debt limitation equals \$111,012,193. After reduction for GO Bonds outstanding of \$21,005,000, and increased by \$3,913,841 available in the debt service fund, the City's remaining margin for further debt issuance is \$93,921,034. For more detailed information on the City's debt, please refer to the note section of this report.

Cash Management

The City utilizes a cash management policy to analyze cash flow and project immediate cash needs in order to maximize investment earnings. As allowed by state statute, idle funds are invested in US Treasury Bills. Also, all remaining cash is placed in a sweep account that is invested overnight in Treasury notes.

Risk Management

The City is self insured for liability claims, workers' compensation and group health under plans administered by Stewart Sneed and Hewes Insurance Companies. Employee health insurance is provided for all employees. The City has in place a Safety Committee and Risk Manager that reviews all accidents and workers' compensation claims. Recommendations are then made to the appropriate department head concerning any additional preventative measures.

Independent Auditors

The City of Gulfport is required by Section 21-35-31 of the Mississippi Code of 1972 to have an annual audit by independent certified public accountants. In compliance with these requirements, the City selected the firm of Culumber, Fletcher, Harvey and Associates, PA to perform the audit for fiscal year ended September 30, 2011. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors rendered an unqualified opinion.

The City of Gulfport is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-128, Audits of States and Local Governments. Information related to the single audit, including internal control and compliance reports and an opinion on federal financial assistance is included in a separately issued single audit report.

Acknowledgements

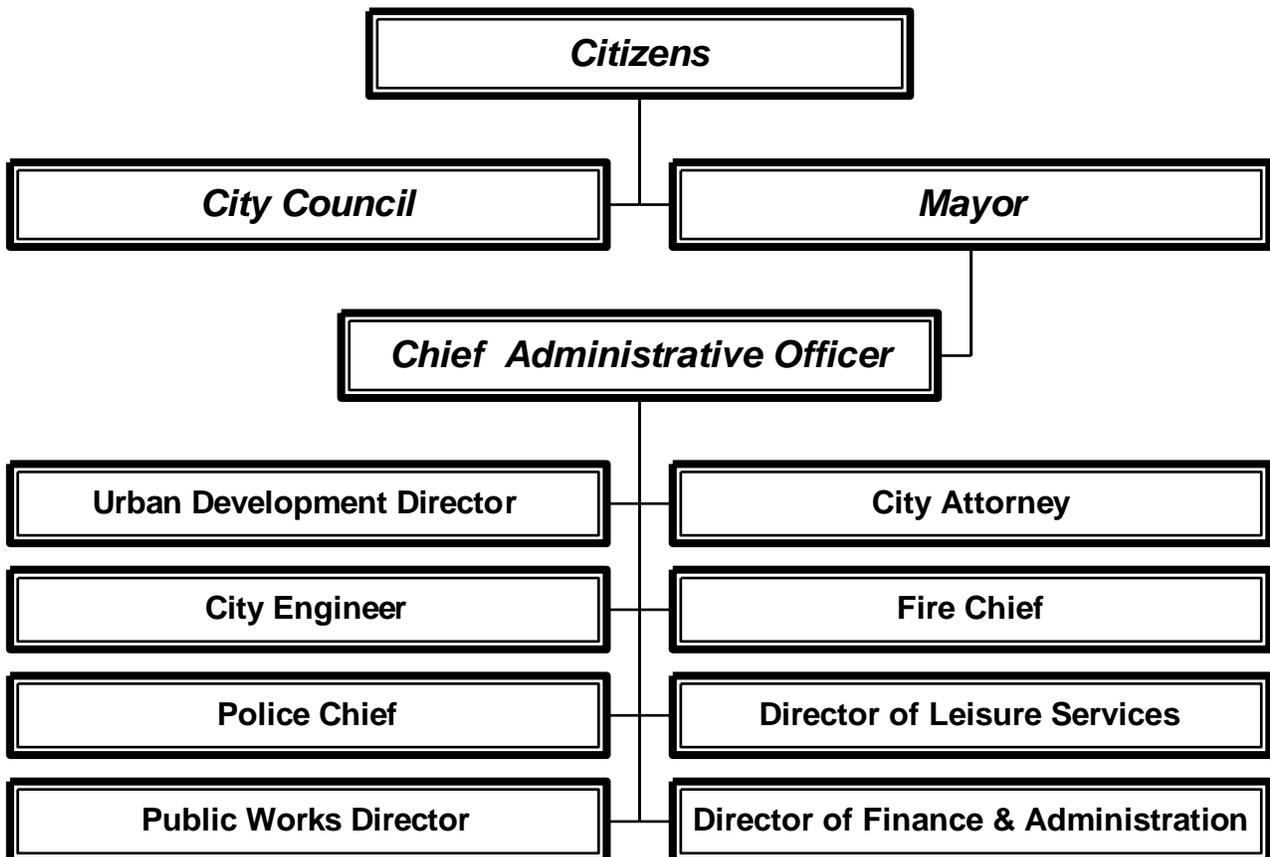
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance and Administration. I also wish to express my appreciation for the cooperation of the other City departments in providing information for this report.

Respectfully submitted,



Mike Ncaise
Director of Administration and Finance

CITY OF GULFPORT ORGANIZATIONAL CHART



CITY OF GULFPORT, MISSISSIPPI

Listing of City Officials
As of September 30, 2011

Elected Officials



George Schloegel
Mayor



Kenneth L. Casey Sr.
Councilman, Ward 1



Libby Milner-Roland
Councilwoman, Ward 2



Ella Holmes-Hines
Councilwoman, Ward 3



F.B. "Rusty" Walker, IV
Councilman, Ward 4



Ricky Dombrowski
Councilman, Ward 5



Robert "R. Lee" Flowers
Councilman, Ward 6

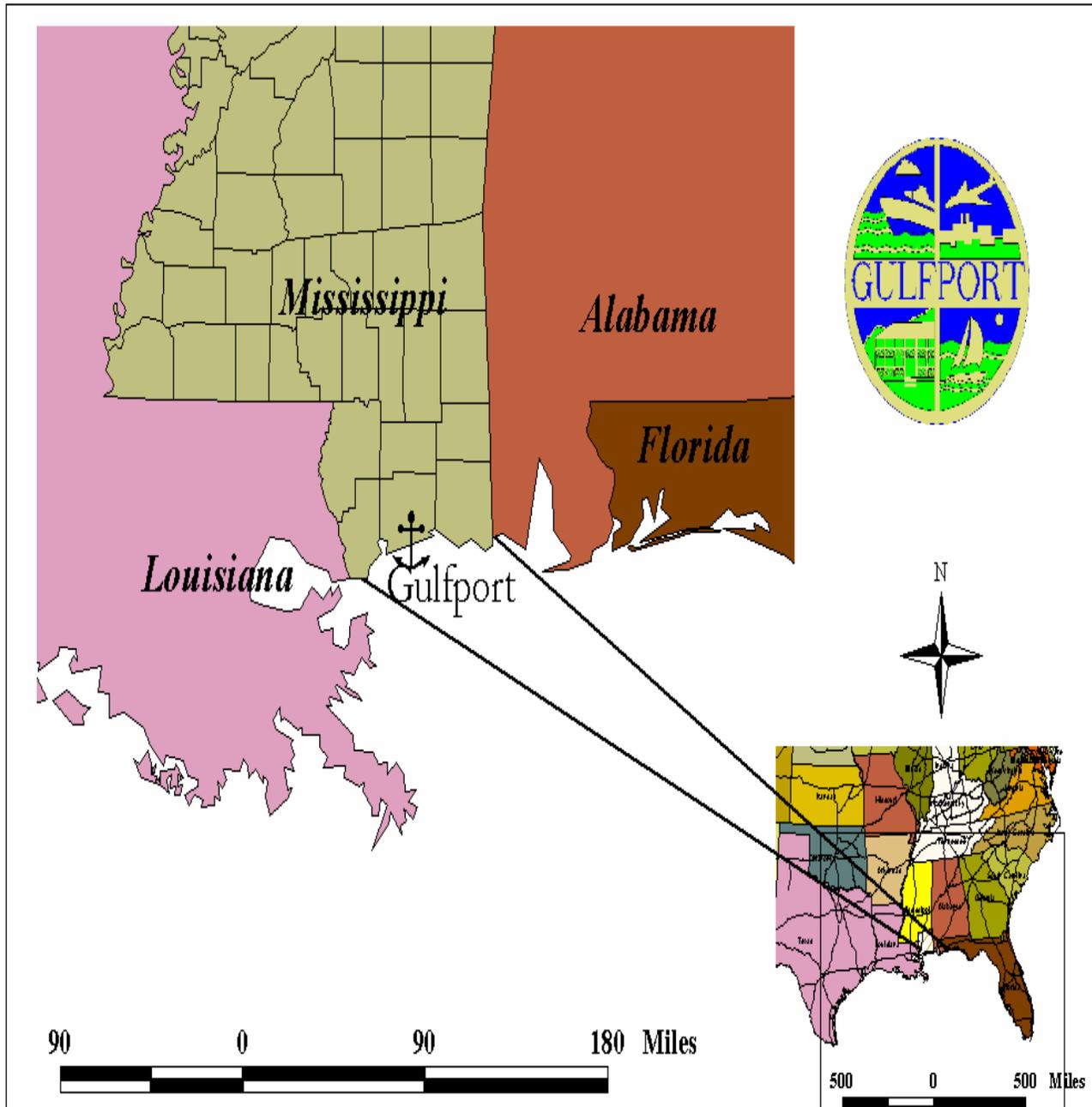


Cara Pucheu
Councilwoman, Ward 7

Appointed Officials

Chief Administrative Officer	John Kelly	City Attorney	Jeff Bruni
Police Chief	Alan Weatherford	Fire Chief	Michael Beyerstedt
Leisure Services Director	Edmond Salloum	City Engineer/Public Works Director	Kris Riemann
Urban Dev Director	David Nichols		
Director of Finance & Admin	Mike Necaie		

Geographic Location of Gulfport, Mississippi



FINANCIAL SECTION

The Financial section contains the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements (which include the Government-Wide and Fund Level Financial Statements, Notes to the Financial Statements, Required Supplementary Information and the combining and individual fund financial statements and schedules.

**CULUMBER, FLETCHER, HARVEY
& ASSOCIATES, P.A.**

Certified Public Accountants and Consultants
BILOXI • GULFPORT

INDEPENDENT AUDITORS' REPORT

The Members of City Council and
the Honorable George Schloegel, Mayor
Gulfport, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Gulfport's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Gulfport, Mississippi, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 13 through 27, the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual on pages 78 through 82, and the Analysis of Funding Progress on page 83 are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gulfport's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**CULUMBER, FLETCHER, HARVEY
& ASSOCIATES, P.A.**

Certified Public Accountants and Consultants
BILOXI • GULFPORT

The introductory sections and the statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Governmental Auditing Standards*, our report dated February 14, 2012, on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters will be issued under separate cover in the *City of Gulfport, Mississippi, Single Audit Report*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

As part of that report, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of City of Gulfport. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Culumber, Fletcher, Harvey & associates, P.A.

Culumber, Fletcher, Harvey & Associates, PA
Certified Public Accountants
Gulfport, MS

February 14, 2012

Management Discussion and Analysis

City of Gulfport, Mississippi

Management Discussion and Analysis

Introduction

This section is a required component of the City's Comprehensive Annual Financial Report and should be read in conjunction with the City's transmittal letter at the front of this report and the City's financial statements which immediately follow this section. As management of the City of Gulfport, Mississippi, we offer this narrative and analysis of the financial activities for fiscal year ending September 30, 2011. This discussion and analysis is designed to: 1) present the significant financial issues in a way that will assist the reader in understanding the overall financial condition of the City; 2) provide an overview of the City's financial activity; 3) identify changes in the City's financial position; 4) identify any material deviations from the City's financial plan (i.e. budget to actual); and 5) communicate currently known facts, decisions, or conditions that are expected to have a significant "future" effect on the financial position or results of operations.

Financial Highlights

The overall financial status of the City of Gulfport has stabilized from 2010 to 2011.

- ✓ The City's General Fund, the main operating fund, operated essentially at breakeven with operating revenues of \$52.8 million and expenditures of \$52.3 million. This is a major accomplishment given current past economic and financial challenges experienced over the past several years.
- ✓ The City's General Fund's fund balance, which represents the difference between assets minus liabilities, remained essentially the same; ending the 2011 year at \$5.2 million while the previous 2010 year's amount was \$5.3 million.
- ✓ The City's total capital assets increased by \$44 million or 9%; going from \$503 million in 2010 to \$557 million in 2011. Much of this increase is related to the City's continued rebuilding efforts from Katrina damages. Capital assets consist of land, buildings, infrastructure, machinery & equipment, and vehicles.
- ✓ The City's overall debt outstanding decreased by \$4 million, going from \$137 million in 2010 to \$133 million in 2011.
- ✓ The Employees' Group Health fund operated in the black by \$1.5 million with revenues of \$6.4 million and expenses of \$4.9 million. Net assets for this fund were \$2.4 million at year end. This consisted mostly of unrestricted cash. Major initiatives were taken and it is proof they have worked in putting this fund back on sound financial ground.

Brief Description of the Financial Statements

This annual report consists of a series of financial statements which are presented in a hierarchal structure. The highest level of reporting and most summarized statements are the Statement of Net Assets (i.e. balance sheet) and Statement of Activities (i.e. income statement) contained on pages 30 and 31, respectively. These two statements provide financial information on the government as a whole similar to how private sector companies report their finances. These two statements are the only place within this report where a reader can review the operations and worth of the City of Gulfport as a whole. The entire operations of the City are rolled up to this level of reporting. All of the City's annual revenues and expenses are reported in the Statement of Activities while the City's assets and liabilities are reported in the Statement of Net Assets. These two statements answer the question "Is the City as a whole better off or worse off as a result of the year's activities?"

The second tier of financial reporting is the "Major" Fund Financial Statements. The fund financial statements begin on page 33 and provide detailed information about the City's most significant funds. Funds are accounting entities used to track specific funding sources and uses for particular programs. Individual funds are either established by law or set up for management purposes. Three separate statements are issued: one for activities that are of a governmental nature, a separate set of statements are contained for activities that are of a business like nature, and a separate set of statements are contained for activities that are of a fiduciary nature.

Governmental Funds – Most of the City's basic services are reported in the governmental funds. Examples include activities relating to governmental funds are public safety, public works (non water and sewer), culture and recreation, urban development, capital projects, debt service and general administration. The financial statements of Governmental Funds are reported on the modified accrual basis – which measures cash and all other financial assets that can readily be converted to cash. Governmental statements provide a more detailed short-term view that can answer the question "Is the government better or worse off with regards to its financial resources, and whether there are fewer or more resources which can be spent in the short term future?." The amounts contained on these statements are adjusted for full accrual and rolled over to the government wide statements. Governmental Fund Financial Statements are contained on pages 33 – 36.

Proprietary Funds – Contain funds existing from fees charged to customers for services provided by the City. Activities relating to the City's Water and Sewer Operations and Joseph T. Jones yacht basin are reported in this section. The financial presentation of these activities is reported on pages 38 - 40 of this report. These financial statements are reported on the full accrual basis – revenues are recognized when earned and measurable. Because both the proprietary fund statements and the government wide statements are reported on the full accrual method of accounting, the total column of the proprietary funds statements are the same contained on the government wide business type activities column of the Statement of Net Assets and Statement of Activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds. The city is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City's fiduciary activities are presented in separate statements in this report beginning on page 42.

Financial Analysis of the City as a Whole

Government-wide Statement of Net Assets

	Governmental Type Activities		Business Type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Assets:						
Current Assets	\$ 32,402,725	\$ 32,463,832	\$ 5,392,549	\$ 13,361,590	\$ 37,795,274	\$ 45,825,422
Capital Assets	280,232,222	297,682,107	222,908,355	249,819,869	503,140,577	547,501,976
Noncurrent Assets	109,999	95,618	5,026,230	4,297,632	5,136,319	4,393,250
Total Assets	312,744,946	330,241,557	233,327,224	267,479,091	546,072,170	597,720,648
Liabilities:						
Current and Other Liabilities	14,884,668	18,592,603	11,979,290	14,598,127	26,863,958	33,190,730
Noncurrent Liabilities	45,321,041	42,312,886	85,489,211	80,509,530	130,810,252	122,822,416
Total Liabilities	60,205,709	60,905,489	97,468,501	95,107,657	157,674,210	156,013,146
Net Assets:						
Invested in Capital Assets net of related debt	249,085,367	266,185,951	132,528,012	166,696,100	381,613,379	432,882,051
Restricted	9,827,643	5,797,855	952,121	952,230	10,779,764	6,750,085
Unrestricted	(6,373,773)	(2,647,738)	2,378,590	4,723,104	(3,995,183)	2,075,366
Total Net Assets	\$ 252,539,237	\$ 269,336,068	\$ 135,858,723	\$ 172,371,434	\$ 388,397,960	\$ 441,707,502

Note: The column entitled business type activities includes the City's Water and Sewer and the Joseph T. Jones Memorial Park, and a blended component unit presentation of the Gulfport Redevelopment Commission, an agent of the City.

Analysis of Government Wide Statement of Net Assets

Total Primary Government

From an “overall balance sheet perspective”, the financial condition of the City of Gulfport as compared to the previous year has improved. Total assets have increased from \$546 million in 2010 to \$598 million in 2011, representing an increase of \$52 million or 10%. Most of this increase represented the City’s rebuilding from Hurricane Katrina damages. Total liabilities remained essentially unchanged ending the 2011 year at \$156 million. Net Assets serve as a useful indicator of a government’s financial position over time. By far, the majority of the City’s net assets are related to investment in capital assets, i.e. roads, bridges, parks, water, sewer, machinery, etc., net of related debt is \$433 million which represents approximately 98% of the City’s total net assets.

The City’s “current assets” increased from \$37.8 million in 2010 to \$45.8 million in 2011. Majority of this increase and a substantial portion of the above referenced amounts relates to monies due from other governments. This is due largely to the City’s receivable owed by FEMA for the rebuilding efforts from Katrina. The 2011 financial statements represent \$17.5 million owed to the City while the previous year’s amount was \$13.3 million.

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

Governmental Activities

Total assets for Governmental type activities increased by \$17 million, from \$313 million in 2010 to \$330 million in 2011. The majority of this increase is attributed mainly to capital assets in the area of infrastructure and construction in progress as the City continues to rebuild from Katrina related damages.

Current assets (cash, short term receivables, etc.) remained essentially unchanged totaling \$32.5 million in 2011.

Business Type Activities

The City’s business type activities consist of the Water and Sewer and Joseph T. Jones Memorial Park Funds. Total assets increased by \$34 million or 15%; from \$233 million in 2010 to \$267 million in 2011 with current assets increasing by \$8 million and capital / non-current assets increasing \$26 million. This increase in capital assets is mainly a result of the City replacing a large portion of its water and sewer system damaged by Hurricane Katrina.

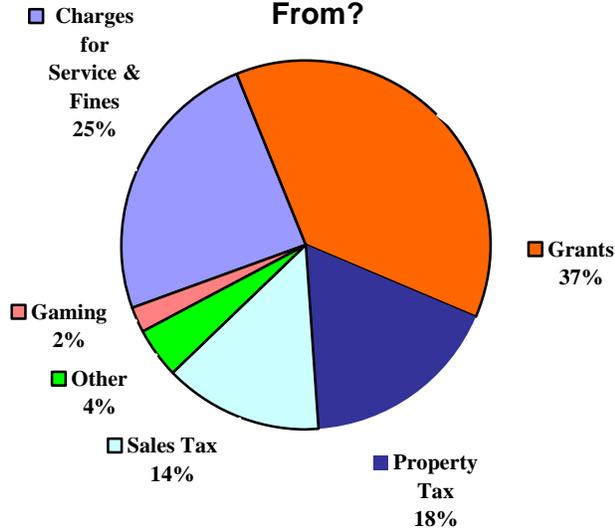
Government Wide Statement of Activities

	Governmental Activities		Business Type Activities		Total Government	
	2010	2011	2010	2011	2010	2011
Program Revenues:						
Fees, Fines, and Charges for Service	\$ 4,567,421	\$ 5,406,355	\$ 24,222,076	\$ 28,615,819	\$ 28,789,497	\$ 34,076,174
Operating Grants and Contributions	8,564,497	3,625,390	-	-	8,564,497	3,625,390
Capital Grants and Contributions	14,959,682	18,384,916	52,615,994	29,957,733	67,575,676	48,342,649
General Revenues:						
Property Taxes	24,458,481	24,376,439	-	-	24,458,481	24,376,439
Sales Taxes	18,741,575	19,230,296	-	-	18,741,575	19,230,296
Gaming	3,221,427	3,198,977	-	-	3,221,427	3,198,977
Other	9,876,459	6,035,286	189,350	116,195	10,065,809	6,151,481
Total Revenues	84,389,542	80,257,659	77,027,420	58,689,747	161,416,962	138,947,406
Program Expenses						
General Government	15,267,846	15,002,455	-	-	15,267,846	15,002,455
Public Safety	28,908,909	27,707,275	-	-	28,908,909	27,707,275
Public Works	12,235,926	11,084,442	-	-	12,235,926	11,084,442
Economic Development	2,289,992	2,081,041	-	-	2,289,992	2,081,041
Culture and Recreation	4,387,803	5,134,626	-	-	4,387,803	5,134,626
Health and Welfare	4,482,187	582,936	-	-	4,482,187	582,936
Interest on Long Term Debt	1,564,971	1,413,236	3,494,899	3,364,280	5,059,870	4,777,516
Water and Sewer	-	-	23,445,985	23,546,942	23,445,985	23,546,942
Joseph T. Jones	-	-	104,380	164,346	104,380	164,346
Total Expenses	69,137,634	63,006,011	27,045,264	27,075,568	96,182,898	90,081,579
Change in Net Assets before other transactions						
	15,251,908	17,251,648	49,982,156	31,614,179	65,234,064	48,865,827
Non-operating change in net assets	(20,349,579)	-	(81,167)	-	(20,430,746)	-
Transfers	(1,765,333)	(3,882,228)	1,765,333	3,882,228	-	-
Change in Net Assets	(6,863,005)	13,369,420	51,666,322	35,496,407	44,803,318	48,865,827
Net Assets at beginning of year - Adjusted						
	256,938,089	252,539,237	83,662,628	135,858,723	340,600,717	388,397,960
Prior Period Adjustment	2,464,153	3,427,411	529,773	1,016,304	2,993,926	4,443,715
Net Assets at end of year	\$ 252,539,237	\$ 69,336,068	\$ 35,858,723	\$ 72,371,434	\$ 388,397,960	\$ 41,707,502

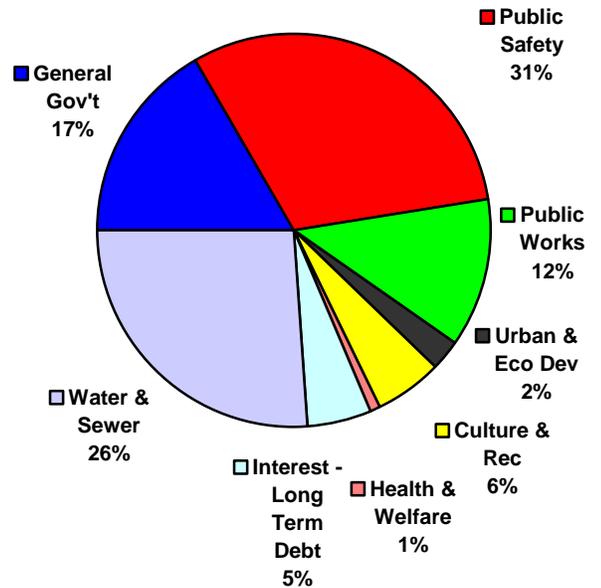
Note: The column entitled business type activities includes the City's Water and Sewer and Joseph T. Jones, and a blended component unit presentation of the Gulfport Redevelopment Commission, an agent of the City.

Analysis of Government Wide Statement of Activities

Where does the City's Money Come From?



How is the Money Used?



Revenues

The City's revenues exceeded expenses by \$49 million for the 2011 year. Most of this is related to revenue associated with capital grants and contributions in the amount of \$48.3 million. The City continues to expend and receive rather large sums of money on Hurricane Katrina recovery.

Property Tax – Property tax accounts for \$24 million or 18% of the City's total revenues and is considered the most stable revenue source for the City. The City's property tax revenue remains unchanged as compared to the previous year. This stagnation is reflective of the issues regarding the entire national real estate bust. On top of this, the entire Gulf South Region is experiencing significant insurance cost increases, increased cost of construction due to new elevation requirements, and overall insurability issues.

Sales Tax - Another significant source of revenue for the City is sales tax accounting for \$19.2 million or 14% of the City's total revenues. Sales tax increased slightly from \$18.7 million to \$19.2 million or 2.7% from the prior year.

Grants – The City received a total of \$52 million in grants for the 2011 year as compared to \$76.1million in the previous 2010 year. The majority of these grants were related to the City's recovery from Hurricane Katrina and the largest granting agency was the Federal Emergency Management Agency (FEMA) contributing more than \$45 million.

Expenses

The City's total government wide expenses were \$90.1 million in 2011 as compared to \$96.2 million in 2010; representing a decrease of \$6.1 million or 6%.

The table below represents the cost of each of the City's major governmental functional areas – Public Works, Public Safety, Culture and Recreation, General Government, Health and Welfare, and Economic Development. The costs are separated into total cost and net cost. The net cost shows the financial burden that was placed on the City's taxpayers after taking into account the program revenues generated by each of the major functional areas.

Governmental Activities - Costs

	Total Cost of Service	Net Cost of Service
Governmental Activities:		
General Government	\$ 15,002,455	\$ 9,282,174
Public Safety	27,707,275	19,332,117
Public Works	11,084,442	8,597,691
Health and Welfare	582,936	(95,342)
Urban & Economic Development	2,081,041	(2,177,852)
Culture and Recreation	5,134,626	(762,674)
Interest on long term debt	1,413,236	1,413,236
Total Governmental activities	<u>\$ 63,006,011</u>	<u>\$ 35,589,350</u>

Note: The negative amounts representing net cost of service for health and welfare and culture and recreation were created by the elimination of capital outlay expenditures from the government wide statements, whereas these amounts were reported as expenditures on the fund level statements.

Fund Financial Analysis

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

Governmental Funds

The focus of the governmental fund financial statements is to provide information on current financial resources of the City. Funds included in this category are as follows: General Fund, Capital Project Funds (i.e. Public Improvements 1996, 1998, 2001, and 2003), Special Revenue Funds (i.e. Forfeits and Seizures, Community Development, Police and Fire Retirement, and Police Traffic Safety), Disaster Relief and Debt Service Fund.

The General Fund is the primary “governmental operating fund” of the City. Activities that are traditional in nature to governmental entities are reported in this fund: i.e. public safety, public works (operations & maintenance), culture and recreation, health and welfare, economic development, and general government. The General Fund accounts for nearly 38% of the City's total revenues and 58% of the City's total expenditures.

Overall, the General Fund’s financial condition improved as compare to the previous year.

General Fund – Financial Summary

	2010	2011
Total Revenues	\$ 51,148,514	\$ 52,830,910
Total Expenditures	53,591,773	51,776,837
Excess (Deficit) of Revenues over Expenses	(2,443,259)	1,054,073
Other Financing Sources (Uses)	2,223,816	(1,162,608)
Fund Balance – Beginning Year	5,531,888	5,312,445
Fund Balance – Ending Year	<u>\$ 5,312,445</u>	<u>\$ 5,203,910</u>

- ✓ The General Fund operated in the black by \$1 million for the 2011 year with revenues of \$52.8 million and expenditures of \$51.8 million. This is a significant improvement as the General Fund operated at a \$2.4 million deficit in 2010. The City implemented many initiatives during the 2011 year to better balance ongoing revenues to expenditures.
- ✓ General Fund assets increased by \$6 million; from \$8.7 million in 2010 to \$14.5 million in 2011.
- ✓ The General Fund’s unassigned fund balance remained essentially unchanged ending the year at \$5 million. Unrestricted fund balance is extremely important in that it represents that portion of the City’s assets (mainly cash and receivables) that are not designated for expenditures. The purpose of these funds are to 1) stabilize tax rates in an economic downturn, 2) provide the city with resources in the event of a natural disaster, and 3) provide the city with resources for other unforeseen events and or circumstances. The City’s unreserved portion of fund balance as a percentage of general fund expenditures was 10% for years ending 2010 and 2011. Based upon industry standards, it is recommended that governmental entities maintain approximately 15% in fund reserves.
- ✓ Total General Fund revenues increased by 3% in 2011 from 2010 with 2011 revenues at \$52.8 million and 2010 revenues at \$51.1 million.
- ✓ Total General Fund expenditures decreased by \$1.9 million; from \$53.9 million in 2010 to \$51.8 million in 2011. The majority of this decrease was due to the City initiating many cost cutting measures in an effort to balance ongoing revenues against ongoing expenditures.

Business-Type Activities

Water and Sewer Fund

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

Condensed Statement of Revenues and Expenses

Water and Sewer Fund Fiscal years Ending September 30, 2010 and 2011

	2010	2011
Operating Revenues	\$ 24,348,121	\$ 28,699,708
Operating Expenses	23,445,985	23,546,942
Operating income	902,136	5,152,766
Non Operating Items:		
Interest Expense	(3,494,899)	(3,364,280)
Other	21,851,363	25,752,443
Change in Net Assets	\$ 19,258,600	\$ 27,540,929

The City's water and sewer fund's operating income was \$5.1 million in 2011 as compared to \$902,000 in the previous 2010 year. Important to remember is that income from operations does not include interest expense as this is reported in the non-operating items nor does this amount include repayment of principal on borrowed funds. Revenues increased by \$4.4 million while expenses remained essentially the same. This increase was mainly derived from fee and rate increases enacted during the year along with continued efficiencies resulting from a recently implemented city-wide electronic metering system.

The amount identified above as "Other" includes capital contributions from FEMA for replacement of the City's sanitary sewer and water systems along the coastline and contributions from developers who turned over assets to the City for perpetual maintenance. This amount is expected to increase again for the upcoming 2012 year and then decrease as the City's rebuilding efforts come to an end.

General Fund Budgetary Highlights

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

Summary of Budget to Actual Amounts

General Fund Fiscal Year Ending September 30, 2011

	Original Budget	Revised Budget	Actual Amounts (Budget Basis)
Revenues:			
Property Taxes	\$ 17,523,290	\$ 17,523,290	\$ 17,447,973
Sales Tax	19,100,000	19,100,000	18,969,725
Intergovernmental	2,745,597	4,966,067	4,225,497
Fines and forfeits	2,088,000	2,088,000	2,323,213
Gaming	3,100,000	3,100,000	3,214,104
Franchise Taxes	4,000,000	4,000,000	3,691,004
Licenses and permits	1,500,000	1,500,000	1,355,404
Other	1,787,607	1,969,223	1,595,151
Total Revenues	51,844,494	54,246,580	52,822,071
Expenditures:			
General government	7,593,897	8,330,635	7,597,496
Police	17,268,185	19,443,005	18,238,429
Fire	10,752,567	11,063,642	10,990,270
Public works	8,397,747	9,075,346	8,293,523
Economic development	2,456,777	2,570,705	2,141,702
Culture and recreation	5,027,412	5,153,324	4,914,863
Total Expenditures	51,496,585	55,636,567	52,176,283
Excess (Deficit) of Revenues over expenditures	\$ 347,909	\$ 1,390,077	\$ 645,788

The City amended its General Fund's Revenue and Expenditure budget many times over the year. Below is a brief description of major budget amendments.

- ✓ The revenue budget (original versus revised) was amended by \$2.4 million or 5%; original budget of \$51.8 million as compared to the revised budget of \$54.2 million. A significant amount of this difference is attributed to budget increases in Intergovernmental Revenue which is related to several federal grants, most of which are police department related.
- ✓ The Expenditure Budget was increased by \$4.1 million or 8% for the 2011 year. Most of this increase was attributed to rollover capital outlay and grants carried over from previous 2010 year and new grants awarded to the City in the 2011 year.

Overall, the City's General Fund actual revenues for 2011 (budget basis) fell short of the revised budget by \$1.4 million or 3% with actual revenues of \$52.8 million and budgeted revenues of \$54.2 million.

- ✓ Actual Intergovernmental Revenue which consist mainly of state and federal grants fell short of its budgeted amount by \$800,000 or 16%; while, franchise fee revenue fell short of budgeted amounts by \$300,000 or 8%.

The City's General Fund actual expenditures fell short of its budgeted expenditures resulting in a favorable variance of \$3.5 million or 6% in 2011. Actual (budget basis) amounts were \$52.1 million while budget amounts were \$55.6 million. A major contributing factor for this difference is discussed below:

- ✓ Employee Vacancies – The City's payroll \ employee benefits budget (General Fund) for the 2011 year was \$37.2 million while actual 2011 expenditures totaled \$35.6 million; leaving a budget surplus of \$1.6 million for payroll \ employee benefits. This amount equates to an average vacancy rate of 4%.

Capital Assets and Debt Administration

Capital Assets

Schedule of Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Land	\$ 27,636,571	\$ 32,341,801	\$ 16,951,832	\$ 16,951,832	\$ 44,588,403	\$ 49,293,633
Construction in Progress	41,769,735	55,967,667	25,457,344	36,414,293	67,227,079	92,381,960
Buildings	23,276,865	22,639,326	3,490,000	3,497,950	26,766,865	26,137,276
Improvements	4,640,941	5,108,054			4,640,941	5,108,054
Infrastructure	174,568,864	173,549,806	175,236,948	191,432,712	349,805,812	364,982,518
Machinery & Eqpt.	2,732,380	2,550,527	780,713	908,841	3,513,093	3,459,368
Vehicles	5,606,866	5,524,926	991,518	614,241	6,598,384	6,139,167
Totals	\$ 280,232,222	\$ 297,682,107	\$ 222,908,355	\$ 249,819,869	\$ 503,140,577	\$ 547,501,976

The above table represents the values (net of depreciation) of the City's various classes of assets. The ending 2011 asset values were estimated at \$547 million and included a wide range of assets: land, buildings, parks, roads, bridges, drainage systems, machinery, vehicles, and water and sewer systems. Asset values increased by \$ 44 million or 9% (after depreciation) as compared to the prior year. It shall be noted that the majority of this increase was a result of FEMA Katrina monies spent on rebuilding damaged City assets. See note 7 in the financial section of this report for more detail information on capital assets.

Depreciation expense for the 2011 year totaled \$11.3 million and was allocated to the following classes of assets:

Allocation of Depreciation by Major Asset Class

Buildings	\$ 884,584
Improvements other than Buildings	374,435
Machinery and Equipment	827,472
Vehicles	1,470,107
Infrastructure (roads, bridges, drainage, water & sewer system, etc.)	7,746,997
Total Depreciation	\$ 11,303,595

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

Significant increases in capital acquisitions and improvements include:

- ✓ Infrastructure - \$14 million.
- ✓ New Construction in progress - \$25 million.

Debt Administration

Schedule of Long Term Debt

	Governmental Activities		Business-type Activities		Totals	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Bonds payable	\$ 3,535,000	\$ 21,005,000			\$ 23,535,000	\$ 21,005,000
Notes payable	20,082,537	23,864,278			20,082,537	23,864,278
Compensated Absences	2,158,288	2,276,177	17,188	10,306	2,175,476	2,286,483
Claims and Judgments	37,000	36,000			37,000	36,000
Bonds and Notes backed by Water & Sewer fund			90,775,841	85,480,141	90,775,841	85,480,141
Totals	\$ 45,812,825	\$ 47,181,455	\$ 90,793,029	\$ 85,490,447	\$ 36,605,854	\$ 132,671,902

Note: The above amounts do not include debt relating to Memorial Hospital or Harrison County Utility Authority which are joint ventures of the City.

At year ending 2011, the City had \$133 million in outstanding debt representing a net decrease of \$4 million as compared to the prior year. See note 8 of the note section of this report for further detail relating to the City's debt.

Current Known Facts Effecting Future Financial Issues

Asset Lifecycle Replacement Program

The City's book value of its capital assets totaled \$548 million for year ending 2011 with infrastructure totaling \$365 million or 67% of this amount. Relating to this, the City's annual depreciation expense was \$11.3 million. These amounts are significant as the City currently has no policy in place regarding a perpetual asset lifecycle replacement program. Depreciation is an important and often underutilized tool in the financial planning process and should become a recurring expense item in future budgets to ensure that assets are replaced as their useful lives become expired. Unaddressed, this only places a larger burden on future generations.

Traffic and Transportation

Balancing development with transportation needs continues to be a top priority of the City. With the growth experienced in the north central section of the City post Katrina, many roads need to be improved to handle an increased traffic flow. The City will continue to seek out federal and state grants to address this ongoing issue.

Payback of the Community Disaster Loan

On December 8, 2005 the City applied for and received \$16.4 million in Federal Loans to be used for basic operating cost that was essential in the wake of Hurricane Katrina. These funds accrue interest at a rate of 2.70% per year and were suppose to be repaid five years following the storm.

The City underwent a financial review by FEMA to test for loan forgiveness eligibility. The result of this review was that the City did not meet the requirements for loan forgiveness. On a positive note, the City requested and was granted an additional five year deferment on this loan payback. With this five year deferment, the due date of this loan is now January 2, 2016.

As of March 31, 2011, this loan has grown to \$18.7 million. Providing no payments are made by the City on this loan, the estimated payoff balance on the due date of January 2, 2016 will be \$21 million.

The City must begin to make preparation in future years' budgets to schedule the payback of these funds.

Unfunded Hurricane Katrina Recovery Projects – FEMA disallowed costs

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 \$5 million which represents about 2% of all City FEMA funded Katrina Recovery projects. The City is currently awaiting and outcome of its appeal on a major water and sewer project amounting to \$2.5 million. Depending on the outcome, the City's unfunded amount could decrease from the previously stated \$5 million.

Again, the City must begin to make preparation within future years' budgets to fund these FEMA ineligible projects.

Economic Development

More than ever before, the City must seek out creative ways to promote overall responsible and sustainable economic development. With a tightened economy, investors are aggressively seeking out and expecting incentive packages for locating within a certain jurisdiction. These incentives range from favorable zoning, tax abatements (property and sales tax), Tax Increment Financing for infrastructure, etc.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Office at 228-868-5769. The City's web site is www.Gulfport-ms.gov



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Government-Wide Financial Statements

CITY OF GULFPORT, MISSISSIPPI
Statement of Net Assets
September 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 4,953,444	\$ 576,079	\$ 5,529,523
Investments	1,855,373	-	1,855,373
Receivables:			
Taxes receivable	3,270,867	-	3,270,867
Customer accounts receivable	-	4,359,055	4,359,055
Other receivables	87,538	-	87,538
Internal balances	54,250	(54,250)	-
Due from other governments	21,064,121	5,851,146	26,915,267
Prepaid expenses	990,498	-	990,498
Restricted assets:			
Cash and equivalents	187,741	1,679,330	1,867,071
Investments	-	950,230	950,230
Total current assets	<u>32,463,832</u>	<u>13,361,590</u>	<u>45,825,422</u>
Noncurrent Assets			
Capital assets			
Land and improvements	32,341,801	16,951,832	49,293,633
Construction in progress	55,967,667	36,414,293	92,381,960
Buildings	29,286,459	3,498,000	32,784,459
Improvements other than buildings	6,973,199	-	6,973,199
Infrastructure	255,005,646	233,628,983	488,634,629
Machinery and equipment	8,195,243	1,837,376	10,032,619
Vehicles	17,564,913	2,538,231	20,103,144
Less: Accumulated depreciation	(107,652,821)	(45,048,846)	(152,701,667)
Total capital assets, net of accumulated depreciation	<u>297,682,107</u>	<u>249,819,869</u>	<u>547,501,976</u>
Other Noncurrent Assets			
Cash - water and sewer improvements	-	695,274	695,274
Deferred charges	95,618	3,602,358	3,697,976
Total noncurrent assets	<u>95,618</u>	<u>4,297,632</u>	<u>4,393,250</u>
Total Assets	<u>330,241,557</u>	<u>267,479,091</u>	<u>597,720,648</u>
LIABILITIES			
Current Liabilities (payable from current assets)			
Accounts payable and accrued expenses	7,725,379	4,758,033	12,483,412
Retainage payable	567,633	2,146,922	2,714,555
Deferred revenues	392,447	-	392,447
Due to other governments	11,827	-	11,827
Current portion of long-term liabilities:			
Accrued interest payable	242,204	629,318	871,522
Compensated absences	1,155,268	5,452	1,160,720
Notes payable	5,837,845	2,124,935	7,962,780
Bonds payable	2,660,000	3,275,000	5,935,000
Current Liabilities (payable from restricted assets)			
Customer deposits	-	1,658,467	1,658,467
Total current liabilities	<u>18,592,603</u>	<u>14,598,127</u>	<u>33,190,730</u>
Noncurrent liabilities			
Accrued interest payable	1,934,321	424,470	2,358,791
Liability for self insurance claims	2,850,223	-	2,850,223
Compensated absences	1,120,909	4,854	1,125,763
Notes payable	18,026,433	30,620,206	48,646,639
Bonds payable	18,345,000	49,460,000	67,805,000
Claims	36,000	-	36,000
Total noncurrent liabilities	<u>42,312,886</u>	<u>80,509,530</u>	<u>122,822,416</u>
Total Liabilities	<u>60,905,489</u>	<u>95,107,657</u>	<u>156,013,146</u>
NET ASSETS			
Invested in capital assets, net of related debt	266,185,951	166,696,100	432,882,051
Restricted for:			
Debt service	1,737,316	952,230	2,689,546
Specific grant programs	1,819,848	-	1,819,848
Capital improvements	2,240,691	-	2,240,691
Unrestricted	(2,647,738)	4,723,104	2,075,366
Total Net Assets	<u>\$ 269,336,068</u>	<u>\$ 172,371,434</u>	<u>\$ 441,707,502</u>

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

CITY OF GULFPORT, MISSISSIPPI
Statement of Activities
For the Fiscal Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ (15,002,455)	\$ 4,614,756	\$ 915,311	\$ 190,214	\$ (9,282,174)	\$ -	\$ (9,282,174)
Public safety	(27,707,275)	150,421	1,763,010	6,461,727	(19,332,117)	-	(19,332,117)
Public works	(11,084,442)	55,885	268,791	2,162,075	(8,597,691)	-	(8,597,691)
Health and welfare	(582,936)	-	678,278	-	95,342	-	95,342
Economic development	(2,081,041)	34,593	-	4,224,300	2,177,852	-	2,177,852
Culture and recreation	(5,134,626)	550,700	-	5,346,600	762,674	-	762,674
Interest on long-term debt	(1,413,236)	-	-	-	(1,413,236)	-	(1,413,236)
Total governmental activities	<u>(63,006,011)</u>	<u>5,406,355</u>	<u>3,625,390</u>	<u>18,384,916</u>	<u>(35,589,350)</u>	<u>-</u>	<u>(35,589,350)</u>
Business-type activities:							
Water & Sewer	(23,546,942)	28,604,172	-	22,277,143	-	27,334,373	27,334,373
Joseph T. Jones Park	(164,346)	11,647	-	7,680,590	-	7,527,891	7,527,891
Gulfport Redevelopment Commission	-	-	-	-	-	-	-
Interest on long-term debt	(3,364,280)	-	-	-	-	(3,364,280)	(3,364,280)
Total business-type activities	<u>(27,075,568)</u>	<u>28,615,819</u>	<u>-</u>	<u>29,957,733</u>	<u>-</u>	<u>31,497,984</u>	<u>31,497,984</u>
Total primary government	<u>(90,081,579)</u>	<u>34,022,174</u>	<u>3,625,390</u>	<u>48,342,649</u>	<u>(35,589,350)</u>	<u>31,497,984</u>	<u>(4,091,366)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					18,061,388	-	18,061,388
Property taxes, levied for special purposes					6,315,051	-	6,315,051
Sales taxes					19,230,296	-	19,230,296
Franchise taxes					3,638,352	-	3,638,352
Gaming taxes					3,198,977	-	3,198,977
Licenses and permits					1,342,133	-	1,342,133
Grants and contributions not restricted to specific programs					825,581	-	825,581
Insurance proceeds					214,664	-	214,664
Loss on disposal of capital assets					(126,609)	(2,972)	(129,581)
Investment earnings and miscellaneous					141,165	119,167	260,332
Transfers					(3,882,228)	3,882,228	-
Total general revenues and transfers					<u>48,958,770</u>	<u>3,998,423</u>	<u>52,957,193</u>
Change in net assets					13,369,420	35,496,407	48,865,827
Net assets - beginning					252,539,237	135,858,723	388,397,960
Prior period adjustment					3,427,411	1,016,304	4,443,715
Net assets - ending					<u>\$ 269,336,068</u>	<u>\$ 172,371,434</u>	<u>\$ 441,707,502</u>

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

Governmental Fund Financial Statements

Major Funds:

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

Disaster Relief Fund – This is a special revenue fund (deemed to be a major fund by the requirements set forth in GASB 34 issued by the Governmental Accounting Standards) that is used to account for all federal, state and local grants and contributions that are to be used in the reconstruction, repairs and other disaster related uses for the City of Gulfport, Mississippi.

Community Development Program Fund – This fund is used to account for Federal revenues received and expended under the Community Development Block and Home grants issued by the Department of Housing and Urban Development.

Capital Projects Fund – This fund is used to account for tax revenues and certain government grants specifically restricted for the construction of major capital facilities and public improvement projects not otherwise funded by general obligation bonds

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Nonmajor governmental funds are presented by fund type in the supplemental section.

CITY OF GULFPORT, MISSISSIPPI
Governmental Funds
Balance Sheet
September 30, 2011

	Major Funds					Non-major Governmental Funds	Total Governmental Funds
	General Fund	Disaster Relief Fund	Community Development Program	Capital Projects Fund	Debt Service Fund		
Assets							
Cash and cash equivalents	\$ 2,920	\$ -	\$ 296,420	\$ 674,540	\$ -	\$ 2,340,518	\$ 3,314,398
Receivables:							
Property taxes	136,406	-	-	-	38,069	11,827	186,302
Sales taxes	1,561,012	-	-	-	-	-	1,561,012
Franchise taxes	981,318	-	-	-	-	-	981,318
Gaming fees	231,443	-	-	-	-	-	231,443
Privilege licenses	310,792	-	-	-	-	-	310,792
Other	87,538	-	-	-	-	-	87,538
Due from other funds	10,675,723	-	-	2,160,918	3,852,014	-	16,688,655
Prepaid interest	-	-	-	-	69,820	-	69,820
Cash - restricted	187,741	-	-	-	-	-	187,741
Due from other governments	352,517	17,475,424	3,155,878	80,302	-	-	21,064,121
Total assets	14,527,410	17,475,424	3,452,298	2,915,760	3,959,903	2,352,345	44,683,140
Liabilities and Fund balance							
Liabilities							
Accounts payable	1,174,703	2,216,566	1,776,220	1,022,638	44,020	29,951	6,264,098
Accrued wages payable	731,266	-	6,589	-	-	-	737,855
Accrued expenses	194,819	-	-	-	-	-	194,819
Due to other funds	1,500,000	15,258,858	1,373,505	-	2,042	-	18,134,405
Due to other governments	-	-	-	-	-	11,827	11,827
Retainage payable	-	-	-	567,633	-	-	567,633
Other liabilities	167,557	-	-	-	-	-	167,557
Short-term note payable	5,000,000	-	-	-	-	-	5,000,000
Deferred revenue	392,447	-	-	-	-	-	392,447
Performance bonds payable	162,708	-	-	-	-	-	162,708
Total liabilities	9,323,500	17,475,424	3,156,314	1,590,271	46,062	41,778	31,633,349
Fund Balance							
Nonspendable for prepaids	-	-	-	-	69,820	-	69,820
Restricted for:							
Drug enforcement	28,499	-	-	-	-	1,395,365	1,423,864
Senior citizen's program	100,000	-	-	-	-	-	100,000
Debt service	-	-	-	-	3,844,021	-	3,844,021
Urban development	-	-	295,984	-	-	-	295,984
Capital projects	-	-	-	1,325,489	-	915,202	2,240,691
Unassigned	5,075,411	-	-	-	-	-	5,075,411
Total fund balance	5,203,910	-	295,984	1,325,489	3,913,841	2,310,567	13,049,791
Total liabilities and fund balance	\$ 14,527,410	\$ 17,475,424	\$ 3,452,298	\$ 2,915,760	\$ 3,959,903	\$ 2,352,345	\$ 44,683,140

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

CITY OF GULFPORT, MISSISSIPPI
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2011

Total fund balances - governmental funds		\$ 13,049,791
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds balance sheet		297,682,107
Bond issue costs on long-term debt (net of amortizations) does not require current financial resources and, therefore, is not reported in the funds balance sheet		95,618
Interest payable on long-term debt does not require current financial resources, and, therefore, is not reported in the funds balance sheet		(2,176,525)
Internal Service Funds are used by management to charge the costs of various internal operations to individual funds. The assets and liabilities of Internal Service Funds are included in the governmental activities in the Statement of Net Assets as follows:		
Current assets	5,915,097	
Accounts payable	(198,342)	
Estimated health claims payable	<u>(2,850,223)</u>	2,866,532
Some liabilities, (such as Notes Payable, Capital Lease, Claims Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Assets.		
Notes payable	(18,864,278)	
Bonds payable	(21,005,000)	
Death benefit claims	(36,000)	
Compensated absences	<u>(2,276,177)</u>	<u>(42,181,455)</u>
Net assets of governmental activities		<u>\$ 269,336,068</u>

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

CITY OF GULFPORT, MISSISSIPPI
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For Fiscal Year Ended September 30, 2011

	Major Funds				Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Disaster Relief Fund	Community Development Program	Capital Projects Fund			
Revenues:							
Taxes							
Property	\$ 18,061,388	\$ -	\$ -	\$ -	\$ 4,819,767	\$ 1,495,284	\$ 24,376,439
Sales	19,230,296	-	-	-	-	-	19,230,296
Franchise	3,638,352	-	-	-	-	-	3,638,352
Gaming	3,198,977	-	-	-	-	-	3,198,977
Licenses and permits	1,342,133	-	-	-	-	-	1,342,133
Intergovernmental	3,271,174	2,571,278	10,947,646	5,383,474	160,634	501,681	22,835,887
Charges for services	1,502,856	-	-	-	-	-	1,502,856
Fines and forfeits	2,548,171	-	-	-	-	-	2,548,171
Miscellaneous	37,563	-	2,801	6,251	10,600	18,632	75,847
Total revenues	52,830,910	2,571,278	10,950,447	5,389,725	4,991,001	2,015,597	78,748,958
Expenditures							
Current:							
General government	7,205,954	22,188	-	-	-	-	7,228,142
Public safety	28,853,203	-	-	-	-	1,813,806	30,667,009
Public works	8,010,288	-	-	266,291	-	-	8,276,579
Health and welfare	-	-	678,278	-	-	-	678,278
Economic development	2,370,885	-	-	-	-	-	2,370,885
Culture and recreation	4,887,580	-	-	-	-	-	4,887,580
Capital outlay:							
General government	66,372	135,194	-	55,020	-	-	256,586
Public safety	297,391	1,262,286	2,486,069	2,261,597	-	844,189	7,151,532
Public works	78,811	347,500	316,881	2,938,889	-	41,184	3,723,265
Economic development	6,353	-	4,001,162	223,138	-	-	4,230,653
Culture and recreation	-	804,110	3,300,927	1,241,563	-	-	5,346,600
Debt service:							
Principal	-	-	-	-	3,748,258	-	3,748,258
Interest	-	-	-	-	1,055,136	-	1,055,136
Other	-	-	-	-	9,165	-	9,165
Total expenditures	51,776,837	2,571,278	10,783,317	6,986,498	4,812,559	2,699,179	79,629,668
Excess (deficit) of revenues over expenditures	1,054,073	-	167,130	(1,596,773)	178,442	(683,582)	(880,710)
Other financing sources (uses)							
Insurance proceeds	49,056	-	-	165,608	-	-	214,664
Sale of capital assets	85,055	-	-	10,500	-	10,530	106,085
Transfers in	79,959	-	-	693,421	-	-	773,380
Transfers out	(1,376,678)	-	(3,544)	(2,634,389)	-	(2,576)	(4,017,187)
Total other financing sources (uses)	(1,162,608)	-	(3,544)	(1,764,860)	-	7,954	(2,923,058)
Changes in fund balance	(108,535)	-	163,586	(3,361,633)	178,442	(675,628)	(3,803,768)
Fund balance - October 1	5,312,445	-	132,398	4,687,122	3,735,399	2,986,195	16,853,559
Fund balance - September 30	\$ 5,203,910	\$ -	\$ 295,984	\$ 1,325,489	\$ 3,913,841	\$ 2,310,567	\$ 13,049,791

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

CITY OF GULFPORT, MISSISSIPPI
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2011

		Amount
Net change in fund balances - total governmental funds:	\$	(3,803,768)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Expenditures for capital assets	20,708,636	
Less: Current year depreciation	(6,453,468)	14,255,168
<p>When assets are sold or retired in the fund statements the entire amount is shown in the fund statements. However, only the difference in book value and/or the amount shown as income in the government wide statements.</p>		
		(232,694)
<p>Principal payments on long term debt are expensed in the current period in the fund financial statements, but are shown as a reduction in the outstanding principal balance on the government wide statements.</p>		
Bond principal payments	2,530,000	
Note principal payments	1,218,259	3,748,259
Death benefit payments		1,000
<p>Compensated absences are not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance, but current year increases are reported as an expense in the Statement of Activities.</p>		
		(117,889)
<p>Interest on long term debt that is not due and payable in the current year is reported as an expense in the Statement of Activities.</p>		
		(334,555)
<p>Bond issue costs which are shown as amortization expense in the government-wide statements and are not reflected in the fund statement</p>		
		(14,381)
<p>Internal service funds are used by management to charge the cost of certain activities such as insurance costs, to individual funds</p>		
		(131,720)
Change in net assets of governmental activities	\$	13,369,420

The notes to the financial statements are an integral part of this statement.

Proprietary Fund Financial Statements

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

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

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

Internal Service Funds are presented in the supplementary section.

CITY OF GULFPORT, MISSISSIPPI

**Proprietary Funds
Statement of Net Assets
September 30, 2011**

	Business Type Activities			Total Business - Type Activities	Governmental Activities - Internal Service Funds
	Non-major Funds				
	Water and Sewer	Joseph T. Jones Park	Gulfport Redevelopment Commission		
Assets					
Current assets:					
Cash and cash equivalents	\$ 432,809	\$ 143,270	\$ -	\$ 576,079	\$ 1,639,046
Investments	-	-	-	-	1,855,373
Receivables:					
Customer accounts (net of allowance for uncollectible accounts)	2,039,138	3,066	-	2,042,204	-
Customer accounts accrued but unbilled	2,316,851	-	-	2,316,851	-
Due from other governments	5,762,496	88,650	-	5,851,146	-
Due from other funds	-	-	-	-	1,500,000
Prepaid insurance	-	-	-	-	920,678
Total current assets	<u>10,551,294</u>	<u>234,986</u>	<u>-</u>	<u>10,786,280</u>	<u>5,915,097</u>
Current restricted assets					
Cash - Customer deposits	1,655,242	22,088	-	1,677,330	-
Cash - Bond indentures	2,000	-	-	2,000	-
Investments - Bond indenture	950,230	-	-	950,230	-
Total current restricted assets	<u>2,607,472</u>	<u>22,088</u>	<u>-</u>	<u>2,629,560</u>	<u>-</u>
Noncurrent assets					
Capital assets:					
Land	149,313	52,519	16,750,000	16,951,832	-
Construction in progress	12,320,107	24,094,186	-	36,414,293	-
Buildings	-	8,000	3,490,000	3,498,000	-
Infrastructure	233,472,214	156,769	-	233,628,983	-
Machinery and equipment	1,831,189	6,187	-	1,837,376	-
Vehicles	2,472,231	66,000	-	2,538,231	-
Less accumulated depreciation	(44,942,183)	(106,663)	-	(45,048,846)	-
Total capital assets	<u>205,302,871</u>	<u>24,276,998</u>	<u>20,240,000</u>	<u>249,819,869</u>	<u>-</u>
Other noncurrent assets					
Cash - Water and Sewer Improvements	695,274	-	-	695,274	-
Deferred charges	3,602,358	-	-	3,602,358	-
Total other noncurrent assets	<u>4,297,632</u>	<u>-</u>	<u>-</u>	<u>4,297,632</u>	<u>-</u>
Total assets	<u>222,759,269</u>	<u>24,534,072</u>	<u>20,240,000</u>	<u>267,533,341</u>	<u>5,915,097</u>
Liabilities					
Current liabilities (payable from current assets)					
Accounts payable	4,569,263	175,020	-	4,744,283	198,342
Accrued wages payable	2,506	4,272	-	6,778	-
Due to other funds	54,250	-	-	54,250	-
Liability for self-insurance claims	-	-	-	-	2,850,223
Retainage payable	2,083,239	63,683	-	2,146,922	-
Other liabilities	6,609	363	-	6,972	-
Current portion of long-term debt					
Accrued interest payable	629,318	-	-	629,318	-
Compensated absences payable	5,452	-	-	5,452	-
Notes payable	2,124,935	-	-	2,124,935	-
Bonds payable	3,275,000	-	-	3,275,000	-
Total current liabilities payable from current assets	<u>12,750,572</u>	<u>243,338</u>	<u>-</u>	<u>12,993,910</u>	<u>3,048,565</u>
Current liabilities (payable from restricted assets)					
Meter deposits	1,636,379	22,088	-	1,658,467	-
Total current liabilities	<u>14,386,951</u>	<u>265,426</u>	<u>-</u>	<u>14,652,377</u>	<u>3,048,565</u>
Long-term debt					
Accrued interest payable	424,470	-	-	424,470	-
Compensated absences payable	4,854	-	-	4,854	-
Notes payable	30,620,206	-	-	30,620,206	-
Bonds payable	49,460,000	-	-	49,460,000	-
Total noncurrent liabilities	<u>80,509,530</u>	<u>-</u>	<u>-</u>	<u>80,509,530</u>	<u>-</u>
Total liabilities	<u>94,896,481</u>	<u>265,426</u>	<u>-</u>	<u>95,161,907</u>	<u>3,048,565</u>
Net Assets					
Invested in capital assets, net of related debt	122,179,102	24,276,998	20,240,000	166,696,100	-
Restricted for revenue bond indentures	952,230	-	-	952,230	-
Unrestricted	4,731,456	(8,352)	-	4,723,104	2,866,532
Total net assets	<u>\$ 127,862,788</u>	<u>\$ 24,268,646</u>	<u>\$ 20,240,000</u>	<u>\$ 172,371,434</u>	<u>\$ 2,866,532</u>

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

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended September 30, 2011

	Business Type Activities			Total Business- Type Activities	Governmental Activities - Internal Service Funds
	Non-major Funds		Gulfport Redevelopment Commission		
	Water and Sewer	Joseph T, Jones Park			
Operating Revenues					
Charges for services	\$ 28,604,172	\$ 11,647	\$ -	\$ 28,615,819	\$ -
Employee contributions	-	-	-	-	1,143,081
Retiree contributions	-	-	-	-	212,246
Employer contributions	-	-	-	-	6,543,292
Insurance claim reimbursements	-	-	-	-	1,047,369
Miscellaneous	95,536	3	-	95,539	-
Total operating revenues	<u>28,699,708</u>	<u>11,650</u>	<u>-</u>	<u>28,711,358</u>	<u>8,945,988</u>
Operating Expenses					
Personnel services	90,292	119,069	-	209,361	-
Contractual services	16,724,218	2,000	-	16,726,218	305,250
Material and supplies	1,579,810	37,510	-	1,617,320	-
Administrative expenses	-	-	-	-	263,398
Premium payments	-	-	-	-	2,028,370
Claims paid and estimate changes	-	-	-	-	5,907,588
Depreciation	4,844,360	5,767	-	4,850,127	-
Amortization	308,262	-	-	308,262	-
Total operating expenses	<u>23,546,942</u>	<u>164,346</u>	<u>-</u>	<u>23,711,288</u>	<u>8,504,606</u>
Operating income (loss)	<u>5,152,766</u>	<u>(152,696)</u>	<u>-</u>	<u>5,000,070</u>	<u>441,382</u>
Non-operating revenues (expenses)					
Intergovernmental	22,277,143	7,680,590	-	29,957,733	-
Loss on disposal of assets	(2,972)	-	-	(2,972)	-
Interest income	23,286	342	-	23,628	65,319
Interest expense	(3,364,280)	-	-	(3,364,280)	-
Total nonoperating revenues (net)	<u>18,933,177</u>	<u>7,680,932</u>	<u>-</u>	<u>26,614,109</u>	<u>65,319</u>
Income before transfers	24,085,943	7,528,236	-	31,614,179	506,701
Transfers from other funds	3,454,986	427,242	-	3,882,228	-
Transfers to other funds	-	-	-	-	(638,421)
Change in net assets	<u>27,540,929</u>	<u>7,955,478</u>	<u>-</u>	<u>35,496,407</u>	<u>(131,720)</u>
Net assets - October 1	100,208,048	15,410,675	20,240,000	135,858,723	2,998,252
Prior period adjustments	113,811	902,493	-	1,016,304	-
Net assets - October 1 (restated)	<u>100,321,859</u>	<u>16,313,168</u>	<u>20,240,000</u>	<u>136,875,027</u>	<u>2,998,252</u>
Net assets - September 30	<u>\$ 127,862,788</u>	<u>\$ 24,268,646</u>	<u>\$ 20,240,000</u>	<u>\$ 172,371,434</u>	<u>\$ 2,866,532</u>

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

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2011

	Business-type Activities			Governmental
	Water and Sewer	Non-major Fund Joseph T. Jones Park	Total Business-type Activities	Activities - Internal Service Funds
Cash flows from operating activities				
Cash received from customers	\$ 26,904,982	\$ 9,475	\$ 26,914,457	\$ -
Cash received from other operating receipts	95,536	3	95,539	-
Cash received from employees and others	-	-	-	1,143,081
Cash received from insurance claims	-	-	-	1,047,369
Cash received from employer contributions	-	-	-	6,755,538
Cash paid to suppliers	(18,685,836)	(22,367)	(18,708,203)	(8,198,226)
Cash paid to employees	(90,707)	(124,848)	(215,555)	-
Cash received from meter deposits, net	252,536	22,088	274,624	-
Net cash provided by (used in) operating activities	<u>8,476,511</u>	<u>(115,649)</u>	<u>8,360,862</u>	<u>747,762</u>
Cash from non-operating activities				
Cash received from governmental grants	16,514,647	7,591,940	24,106,587	-
Cash loaned to other governmental funds	-	-	-	(1,500,000)
Net cash provided by non-operating activities	<u>16,514,647</u>	<u>7,591,940</u>	<u>24,106,587</u>	<u>(1,500,000)</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(16,505,661)	(7,425,904)	(23,931,565)	(638,421)
Principal paid on revenue bond maturities and notes payable	(5,295,701)	-	(5,295,701)	-
Interest paid on bonds and notes payable	(3,251,052)	-	(3,251,052)	-
Net cash used in capital and related financing activities	<u>(25,052,414)</u>	<u>(7,425,904)</u>	<u>(32,478,318)</u>	<u>(638,421)</u>
Cash flows from investing activities				
Investment transactions, net	-	-	-	(53,556)
Interest received	23,285	342	23,627	65,319
Net cash from (used in) investing activities	<u>23,285</u>	<u>342</u>	<u>23,627</u>	<u>11,763</u>
Net increase (decrease) in cash and cash equivalents	(37,971)	50,729	12,758	(1,378,896)
Cash and equivalents - October 1	2,823,296	114,629	2,937,925	3,017,942
Cash and equivalents - September 30	<u>\$ 2,785,325</u>	<u>\$ 165,358</u>	<u>\$ 2,950,683</u>	<u>\$ 1,639,046</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Operating income (loss)	\$ 5,152,766	\$ (152,696)	\$ 5,000,070	\$ 441,382
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	4,844,360	5,767	4,850,127	-
Amortization	308,262	-	308,262	-
(Increase) decrease in assets				
Accounts receivable	(1,699,190)	(2,172)	(1,701,362)	-
Other receivables	-	-	-	-
Prepaid assets	-	-	-	(39,052)
Increase (decrease) in liabilities				
Accounts payable	(382,424)	16,805	(365,619)	159,532
Accrued wages payable	(1,031)	1,719	688	-
Other liabilities	616	338	954	185,900
Meter deposit liabilities	252,536	22,088	274,624	-
Compensated absences payable	616	(7,498)	(6,882)	-
Net cash provided by (used in) operating activities	<u>\$ 8,476,511</u>	<u>\$ (115,649)</u>	<u>\$ 8,360,862</u>	<u>\$ 747,762</u>
Non cash investing, capital and financing activities:				
Transfer of capital assets from other funds	\$ 3,454,986	\$ 427,242	\$ 3,882,228	\$ -
Changes in fair value of investments	-	-	-	(5,632)
	<u>\$ 3,454,986</u>	<u>\$ 427,242</u>	<u>\$ 3,882,228</u>	<u>\$ (5,632)</u>

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

Fiduciary Fund Financial Statements

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

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

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

Flexible Spending Account – This fiduciary fund is for the accumulation of funds provided by employees for IRS approved reimbursable medical expenses.

Payroll Clearing Account – This agency fund is for the collection and disbursement of payroll and related payroll tax liabilities.

CITY OF GULFPORT, MISSISSIPPI
Fiduciary Funds
Statement of Assets and Liabilities
For the Fiscal Year Ended September 30, 2011

	Agency Funds				Totals
	Asset Forfeiture	Coastal Narcotics	Flexible Spending Account	Payroll Clearing	
Assets					
Cash and cash equivalents	\$ 421,678	\$ 34,442	\$ 11,909	\$ 113,401	\$ 581,430
Assets held for disposal	54,350	-	-	-	54,350
Total assets	<u>476,028</u>	<u>34,442</u>	<u>11,909</u>	<u>113,401</u>	<u>635,780</u>
Liabilities					
Accounts payable	156,009	-	-	113,401	269,410
Assets held in trust	320,019	34,442	11,909	-	366,370
Total liabilities	<u>\$ 476,028</u>	<u>\$ 34,442</u>	<u>\$ 11,909</u>	<u>\$ 113,401</u>	<u>\$ 635,780</u>

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

CITY OF GULFPORT, MISSISSIPPI
Fiduciary Funds
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2011

	Balance at 10/01/10	Additions	Deductions	Balance at 09/30/11
<u>Asset Forfeiture Fund</u>				
Assets				
Cash	\$ 349,281	\$ 274,606	\$ 202,209	\$ 421,678
Assets held for disposal	54,350	-	-	54,350
Total assets	<u>403,631</u>	<u>274,606</u>	<u>202,209</u>	<u>476,028</u>
Liabilities				
Accounts Payable	-	156,009	-	156,009
Assets held in trust	403,631	274,606	358,218	320,019
Total liabilities	<u>403,631</u>	<u>430,615</u>	<u>358,218</u>	<u>476,028</u>
<u>Coastal Narcotics Task Force</u>				
Assets				
Cash	28,121	6,321	-	34,442
Liabilities				
Assets held in trust	28,121	6,321	-	34,442
<u>Flexible Spending Account</u>				
Assets				
Cash	13,612	44,435	46,138	11,909
Liabilities				
Assets held in trust	13,612	44,435	46,138	11,909
<u>Tax Collector Clearing</u>				
Assets				
Cash	-	52,744,465	52,744,465	-
Liabilities				
Payable to other governments	-	52,744,465	52,744,465	-
<u>Payroll Clearing</u>				
Assets				
Cash	93,132	56,144,694	56,124,425	113,401
Liabilities				
Accounts Payable	93,132	56,144,694	56,124,425	113,401
<u>Total Agency Funds</u>				
Assets				
Cash	484,146	109,214,521	109,117,237	581,430
Asset held for disposal	54,350	-	-	54,350
Total assets	<u>538,496</u>	<u>109,214,521</u>	<u>109,117,237</u>	<u>635,780</u>
Liabilities				
Accounts Payable	93,132	56,300,703	56,124,425	269,410
Payable to other governments	10,235	52,744,465	52,744,465	10,235
Assets held in trust	435,129	325,362	404,356	356,135
Total liabilities	<u>\$ 538,496</u>	<u>\$ 109,370,530</u>	<u>\$ 109,273,246</u>	<u>\$ 635,780</u>

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

Notes to the Financial Statements

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

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

The City complies with accounting principles generally accepted in the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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

B. Financial Reporting Entity

The City is a charter city in which citizens elect the mayor at large and seven council members by wards. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Based on these criteria, it was determined that the City has one component unit, discussed below, which is included in the City's reporting entity because of the significance of its operation and financial relationships with the City.

Component Unit Disclosure

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

The Gulfport Redevelopment Commission is an Urban Renewal Agency of the City of Gulfport formed and existing under the ‘Urban Renewal Laws’ of the State of Mississippi, Title 43, Chapter 35, Article I, Mississippi Code of 1972, and it's entire board is appointed by the mayor and the council of the City of Gulfport. Although it is legally separate from the City, it is reported as part of the primary government because its sole purpose is to finance, develop and manage City owned property. The Gulfport Redevelopment Commission provides services solely to the City of Gulfport and is reported as an enterprise fund using the blended method. It does not issue separate financial statements.

Related Organizations

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Ventures and Jointly Governed Organizations

Additionally, during its evaluation of potential component units, management identified two joint ventures (Harrison County Utility Authority and Memorial Hospital at Gulfport), and two jointly governed organizations (Harrison County Library System and Gulfport-Biloxi Regional Airport Authority).

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share the costs, risks and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients.

A jointly governed organization is similar in nature to a joint venture in that they provide goods and services to the citizenry of two or more governments. However, they do not meet the definition of a joint venture because there is no ongoing significant financial interest or responsibility by the participating governments.

See Note 14 for information describing related organizations not included in the City's reporting entity.

C. Basis of Presentation

Governmental-wide Financial Statements –

The City presents two basic government-wide financial statements: the Statement of Net Assets and the Statement of Activities. These government-wide financial statements report information on all non-fiduciary activities of the primary government. The financial information for the primary government is distinguished between governmental and business-type activities. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Fund Financial Statements -

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds –

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

General Fund

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Disaster Relief Fund

This is a special revenue fund (deemed to be a major fund by the requirements set forth in GASB 34 issued by the Governmental Accounting Standards) that is used to account for all federal, state and local grants and contributions that are to be used in the reconstruction, repairs and other hurricane disaster related uses for the City.

Community Development Program Fund

This is a special revenue fund (deemed to be a major fund by the requirements set forth in GASB 34 issued by the Governmental Accounting Standards) that is used to account for all federal, state and local grants and contributions that are to be used in improving low-income housing in the community.

Capital Projects Fund

This is a capital project fund (deemed to be a major fund by the requirements set forth in GASB 34 issued by the Governmental Accounting Standards) that is used to account for all capital projects that are not associated with a specific debt issuance.

Debt Service Fund

This is a fund (elected to be reported as a major fund due to its importance to readers) that is used to account for the payment of principal and interest on the City's outstanding governmental debt.

Proprietary Funds – Business-type activities

Proprietary Funds are accounted for using the economic resources measurement focus; and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary fund:

Water and Sewer Fund –

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Proprietary Funds – Governmental-type activities

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

The City reports the Fiduciary Funds accounts for resources held by the City in a custodial capacity for other governments, private organizations, or individuals.

D. Measurement Focus/Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting, pursuant to GASB Statement No. 33. Under the modified basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected but unsettled at year-end. A two-month availability period is used for recognition of most other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The City has electively added the Debt Service fund as a major fund. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal operations. The principal operating revenues of the Water and Sewer fund and the Joseph T. Jones Park fund are charges to customers for sales and services. The City insurance funds bill the other funds to cover insurance premiums and claims. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the basic financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

E. Cash and Investments

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

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

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

Investments are stated at fair value in accordance with GASB statement 31 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned.

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables

All trade receivables are shown net of an allowance for uncollectibles. An allowance in the amount of \$6,197,629 at September 30, 2011 has been provided in the Water and Sewer Enterprise Fund for estimated uncollectible utility charges. The allowance is based on trade receivables in excess of 90 days outstanding. An allowance for estimated uncollectible rental fees has been established in the Joseph T. Jones Fund based upon historical collection experience and other relevant circumstances. The allowance for estimated uncollectible receivables at September 30, 2011 is \$55,406.

G. Interfund Receivables and Payables

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

H. Transactions between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

I. Prepaid Items

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

J. Restricted Assets

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

K. Capital Assets

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

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

Buildings	40 years
Water and Sewer system	50 years
Infrastructure	60 years
Improvements	10-25 years
Machinery and equipment	5-10 years
Vehicles	5 years

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

M. Nature and Purpose of Classifications and Restrictions of Fund Equity

The City does not have a formal minimum fund balance policy; however the state of Mississippi Code does not allow deficit fund balances. There were no individual funds reported with deficit fund balances.

Note 9 discusses in more detail the fund balance classification determinations for the governmental funds.

N. Compensated Absences

City policy allows employees to accumulate all unused vacation, compensatory (comp time) and sick leave. Retiring and terminating employees covered under the Disability and Relief-Municipal Retirement System are paid for all unused vacation, sick leave, and unused comp time.

All other employees are paid for up to 30 days of unused vacation and all unused comp time upon retirement or termination, while excess vacation and all accumulated sick leave remaining are counted as creditable service toward retirement.

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

The compensated absences liability was computed using the specific identification method whereby the applicable number of vacation and sick hours and all compensatory hours are multiplied by the employee's hourly rate at September 30, 2011. The resulting liability is then increased to include social security and retirement contributions that the City is required to pay upon liquidation of the liability.

O. Post Employment Health Care Benefits

The City does not accrue costs associated with post-employment benefits for retired employees. The City does allow employees to continue in the group health plan after retirement; however, the retired employees pay all of the premiums.

P. Estimates

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the Finance Division by June 1 each year.
3. The Finance Division reviews expenditure budgets and necessary revisions are made.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1.
6. Public hearings are conducted to obtain taxpayer comments.
7. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
8. The budget is formally amended in July each year, if necessary. However, budget revisions are made throughout the year (prior to July), as reallocations of funds are necessary, a budget deficit is indicated, or circumstances change which dictate the need for a budget amendment.
9. Formal budgetary integration is employed as a management control device for all governmental and proprietary fund types.

The legal level of control for all budgets adopted is at the fund level with the exception of the General Fund, which is appropriated at the department level. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. However, department heads may make transfers of appropriations within a department. Budgetary controls are incorporated into the City's purchasing system. Purchase requisitions entered into the computer system that will cause a line item to exceed its budget will automatically be disallowed. The department head will then be required to make an inter-department budget transfer or request a budget amendment.

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 3: PROPERTY, GAMING AND SALES TAX REVENUES

(A) Property Tax

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

Real property taxes become a lien on January 1 and personal property taxes become a lien on March 1 of the current calendar year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All taxes are remitted monthly to the City. In addition, Harrison County also remits to the City a prorata share of road and bridge taxes collected by the County. Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue when received. Real property taxes are recognized as revenue when received because most delinquent real property taxes are collected by selling real property for taxes, together with all fees, penalties and damages accruing until date of sale, before the close of the fiscal year.

The remaining amount of real property not sold for taxes at the tax sale is considered immaterial; therefore, no end of year delinquent taxes receivable is recorded. The amount of delinquent personal property taxes unpaid at year-end is also considered immaterial. The rates are expressed in terms of mills (i.e. ten mills equal one cent). The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt and other purposes for the year ended September 30, 2011 was 34.00 mills or \$34.00 per \$1,000 of assessed valuation.

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

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

(B) Gaming Tax Revenues

In the early part of 1992, the citizens of Harrison County voted to allow dockside casino gaming as defined by the Mississippi Gaming Control Act of 1990. In May of 1993, the first casino opened in Gulfport. As of September 30, 2011 one casino was operating within the City. Gaming activities are taxed in a variety of ways. The State of Mississippi levies a sliding scale tax on gross gaming revenue, of which Harrison County and the City receive .4 to .8 percent. This tax is divided: 63% to the County and 37% to the City. The allocation is based upon the population demographics of the last official census. In addition to the State tax, the City, through local ordinance in accordance with State law, levies an additional 3.2% tax on gross gaming revenues. This tax is distributed as follows: 60% to the City (20% of which is designated for public safety); 20% to the Gulfport Public Schools; 10% to Harrison County for public safety; and 10% to Harrison County schools. In addition to the taxes on gross gaming revenue, the State, City and County annually receive licensing fees and permits from each casino for each gaming device. Gaming revenue of \$3,198,977 was received by the City in fiscal year ended September 30, 2011.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 3: PROPERTY, GAMING, AND SALES TAX REVENUES (Continued)

(C) Sales Tax Revenues

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Gulfport) back to the City monthly. Tax revenue reported in the General Fund includes \$19,230,296 of sales tax revenue.

NOTE 4: CASH AND OTHER DEPOSITS AND INVESTMENTS

(A) Cash and Other Deposits

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

At September 30, 2011, the carrying amount of the City’s deposits was \$8,673,298 and the bank balance was \$11,676,657. The difference represents outstanding checks and other reconciling items.

A summary of Cash and Other Deposits at September 30, 2011 is as follows:

	<u>Cash and Other Deposits Invested in Sweep Account</u>	<u>Non-pooled Cash and Other Deposits</u>	<u>Restricted Cash</u>	<u>Total</u>
Governmental funds:				
Major funds:				
General	\$ -	\$ 2,920	\$ 187,741	\$ 190,661
Community development	-	296,420	-	296,420
Capital projects	674,540	-	-	674,540
Non-major funds	916,322	1,424,196	-	2,340,518
Total governmental funds	<u>1,590,862</u>	<u>1,723,536</u>	<u>187,741</u>	<u>3,502,139</u>
Proprietary funds:				
Business-type activities:				
Water & sewer	1,128,883	1,200	1,655,242	2,785,325
Joseph T. Jones park	143,270	-	22,088	165,358
Total business-type	<u>1,272,153</u>	<u>1,200</u>	<u>1,677,330</u>	<u>2,950,683</u>
Governmental-type activities:				
Group health & life	-	969,520	-	969,520
Claims contingency	-	669,526	-	669,526
Total governmental-type	<u>-</u>	<u>1,639,046</u>	<u>-</u>	<u>1,639,046</u>
Total proprietary funds	<u>1,272,153</u>	<u>1,640,246</u>	<u>1,677,330</u>	<u>4,589,729</u>
Fiduciary funds	<u>-</u>	<u>581,430</u>	<u>-</u>	<u>581,430</u>
Total All	<u>\$ 2,863,015</u>	<u>\$ 3,945,212</u>	<u>\$ 1,865,071</u>	<u>\$ 8,673,298</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 4: CASH AND OTHER DEPOSITS AND INVESTMENTS
(continued)

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

The Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace public deposits not covered by the Federal Depository Insurance Corporation. At September 30, 2011, none of the City's bank balance of \$11,676,657 was exposed to custodial credit risk.

(B) Investments

At September 30, 2011, the City's surplus funds that were not invested in overnight sweep repurchase agreements (considered short term and reported above as cash) were invested in U. S. Treasury Notes, Hancock Horizon Government Mutual funds, and Federal Agency Securities. A summary of the City's investments at September 30, 2011 is as follows:

	<u>Rate of Interest</u>	<u>Amount</u>
Governmental Type Activities:		
Government National Mortgage Assoc.	3.5% - 5.5%	\$ 442,066
U.S. Treasury Notes	1.75% - 4.875%	1,305,510
Hancock Horizon Government Mutual	N/A	107,797
Business-Type Activities:		
Hancock Horizon Government Mutual	N/A	<u>950,230</u>
Total investments		<u><u>\$ 2,805,603</u></u>

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

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 4: CASH AND OTHER DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk – The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The following table summarizes the City’s interest rate risk, based on maturity dates of various investments:

	U.S. Treasury Notes	Federal Agency Securities	Total
Less than one year	\$ 152,060	\$ -	\$ 152,060
1 - 5 years	1,035,512	-	1,035,512
6 - 10 years	117,938	61,541	179,479
over 10 years	-	380,525	380,525
Total	<u>\$ 1,305,510</u>	<u>\$ 442,066</u>	<u>\$ 1,747,576</u>

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

NOTE 5: RECEIVABLES

The combined balance sheet of the City includes the following receivables at September 30, 2011:

	Major Governmental Funds	Non-Major Governmental Funds	Total
<u>Governmental Activities:</u>			
Accounts receivable			
Taxes receivable:			
Property taxes	\$ 174,475	\$ 11,827	\$ 186,302
Sales taxes	1,561,012	-	1,561,012
Franchise taxes	981,318	-	981,318
Gaming fees	231,443	-	231,443
Other receivables:			
Privilege licenses	310,792	-	310,792
Other	87,538	-	87,538
Total accounts receivable	<u>\$ 3,346,578</u>	<u>\$ 11,827</u>	<u>\$ 3,358,405</u>
Due from other governments			
Federal	\$ 20,853,310	\$ -	\$ 20,853,310
State	80,302	-	80,302
Local	130,509	-	130,509
Total due from other governments	<u>\$ 21,064,121</u>	<u>\$ -</u>	<u>\$ 21,064,121</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 5: RECEIVABLES (Continued)

Business Type Activities

Accounts receivable:	
Water & sewer utility charges	\$ 10,553,617
Harbor berth rentals	58,472
Total gross receivables	10,612,089
Less: allowance for uncollectibles	(6,253,034)
Net total accounts receivable	\$ 4,359,055
Due from federal governments:	
Water & sewer fund	\$ 5,762,496
Joseph T Jones Park fund	88,650
Total	\$ 5,851,146

The City funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *deferred revenue* reported in the general fund in the amount of \$395,081 was for assessments not yet due.

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at September 30, 2011 is as follows:

	Due From	Due To
<i>Governmental Funds:</i>		
General fund	\$ 10,675,723	\$ 1,500,000
Capital Projects fund	2,160,918	-
Disaster Relief fund	-	15,258,858
Community Development	-	1,373,505
Debt service fund	3,852,014	2,042
<i>Proprietary Funds:</i>		
<i>Business-type activities:</i>		
Water and sewer fund	-	54,250
<i>Governmental-type activities:</i>		
Group Life and Health fund	1,500,000	-
	\$ 18,188,655	\$ 18,188,655

Various Funds have made short-term advances to other funds. These advances, shown as “Due from Other Funds”, are temporary in nature, bear no interest, and are considered “available spendable resources”. The City transfers funds from the General Fund to pay for capital projects incurred. Capital expenditures made from insurance revenues in the amount of \$638,421 were transferred from the internal service fund to the capital projects fund for proper allocation of expenditures.

In addition to the above interfund loans, the following transfers were made between funds during the year ended September 30, 2011:

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (Continued)

	Transfers In	Transfers Out
Governmental Funds:		
General	\$ 79,959	\$ 1,376,678
Capital project	693,421	2,634,389
Community Development	-	3,544
Non-Major	-	2,576
Business-type activities:		
Water and sewer	3,454,986	-
Joseph T Jones Park	427,242	-
Governmental-type activities:		
Claims contingency		638,421
	\$ 4,655,608	\$ 4,655,608

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance October 1	Additions	Deletions	Adjustments	Balance Sept 30
Governmental activities:					
Capital assets not being depreciated					
Land and improvements	\$ 27,636,571	\$ -	\$ -	\$ 4,705,230	\$ 32,341,801
Construction in progress	41,769,735	17,706,920	(3,450,189)	(58,799)	55,967,667
Total capital assets not being depreciated	69,406,306	17,706,920	(3,450,189)	4,646,431	88,309,468
Capital assets being depreciated					
Buildings	30,120,198	1,729,273	(166,114)	(2,396,898)	29,286,459
Improvements	6,123,797	783,822	-	65,580	6,973,199
Infrastructure	252,677,070	2,328,576	-	-	255,005,646
Machinery & Equipment	7,834,191	373,726	(175,076)	162,402	8,195,243
Vehicles	16,956,346	1,236,508	(667,359)	39,418	17,564,913
Total capital assets being depreciated	313,711,602	6,451,905	(1,008,549)	(2,129,498)	317,025,460
Less accumulated depreciation for:					
Buildings	6,843,333	884,534	(58,280)	(1,022,454)	6,647,133
Improvements	1,482,856	374,435	-	7,854	1,865,145
Infrastructure	78,108,206	3,274,314	-	73,320	81,455,840
Machinery & Equipment	5,101,811	714,080	(123,583)	(47,592)	5,644,716
Vehicles	11,349,480	1,206,105	(593,992)	78,394	12,039,987
Total accumulated depreciation	102,885,686	6,453,468	(775,855)	(910,478)	107,652,821
Total capital assets being depreciated, net	210,825,916	(1,563)	(232,694)	(1,219,020)	209,372,639
Governmental activities capital assets, net	\$ 280,232,222	\$ 17,705,357	\$ (3,682,883)	\$ 3,427,411	\$ 297,682,107

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 7: CAPITAL ASSETS (Continued)

	Balance October 1	Additions	Deletions	Adjustments	Balance Sept 30
<u>Business-type activities:</u>					
Capital assets not being depreciated					
Land	\$ 16,951,832	\$ -	\$ -	\$ -	\$ 16,951,832
Construction in progress	25,457,344	9,823,304	-	1,133,645	36,414,293
Total capital assets not being depreciated	42,409,176	9,823,304	-	1,133,645	53,366,125
Capital assets being depreciated					
Buildings	3,490,000	8,000	-	-	3,498,000
Infrastructure	212,931,255	20,697,728	-	-	233,628,983
Machinery & Equipment	1,843,880	219,277	(13,266)	(212,515)	1,837,376
Vehicles	2,384,656	-	(16,446)	170,021	2,538,231
Total capital assets being depreciated	220,649,791	20,925,005	(29,712)	(42,494)	241,502,590
Less accumulated depreciation for:					
Buildings	-	50	-	-	50
Infrastructure	37,694,307	4,472,683	-	29,281	42,196,271
Machinery & Equipment	1,063,167	113,392	(11,940)	(236,084)	928,535
Vehicles	1,393,138	264,002	(14,800)	281,650	1,923,990
Total accumulated depreciation	40,150,612	4,850,127	(26,740)	74,847	45,048,846
Total capital assets being depreciated, net	180,499,179	16,074,878	(2,972)	(117,341)	196,453,744
Business activities capital assets, net	<u>\$ 222,908,355</u>	<u>\$ 25,898,182</u>	<u>\$ (2,972)</u>	<u>\$ 1,016,304</u>	<u>\$ 249,819,869</u>

Adjustments made are relative to physical inventory taken by the City. The depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government	\$ 274,219
Public safety	1,294,957
Public works	3,964,884
Culture and recreation	876,368
Health and welfare	3,203
Economic development	39,837
Total depreciation expense – governmental activities	<u>\$ 6,453,468</u>
Business-type activities	
Water and sewer	\$ 4,844,360
Joseph T. Jones memorial park	5,767
Total depreciation expense - business-type activities	<u>\$ 4,850,127</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 8: LONG-TERM DEBT

(A) Governmental Activities

Transactions for the Year Ended September 30, 2011 are summarized as follows:

Governmental Activities	Payable at 10/01/10	Additions	Reductions	Payable at 09/30/11	Due in one year
General obligation bonds	\$ 23,535,000	\$ -	\$ 2,530,000	\$ 21,005,000	\$ 2,660,000
Notes payable	20,082,537	5,000,000	1,218,259	23,864,278	5,837,845
Compensated absences	2,158,288	1,319,902	1,202,013	2,276,177	1,155,268
Claims and judgments	37,000	-	1,000	36,000	-
	<u>\$ 45,812,825</u>	<u>\$ 6,319,902</u>	<u>\$ 4,951,272</u>	<u>\$ 47,181,455</u>	<u>\$ 9,653,113</u>

(1) General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for City and activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

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

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding Amount	Due in one Year
G/O public improvement	\$ 6,000,000	7/1/1998	4.40 - 6.00%	\$ 2,855,000	\$ 345,000
G/O refunding issue	9,580,000	12/1/2002	2.00 - 5.00%	2,320,000	1,125,000
G/O public improvement	5,000,000	4/1/2003	3.50 - 4.25%	3,505,000	225,000
G/O refunding issue	6,160,000	8/5/2004	2.00 - 4.05%	3,300,000	610,000
G/O public improvement	<u>10,000,000</u>	11/1/2007	3.75 - 5.30%	<u>9,025,000</u>	<u>355,000</u>
	<u>\$ 36,740,000</u>			<u>\$ 21,005,000</u>	<u>\$ 2,660,000</u>

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

Year Ended September 30	Principal	Interest	Total
2012	\$ 2,660,000	\$ 841,707	\$ 3,501,707
2013	2,800,000	723,028	3,523,028
2014	1,690,000	621,958	2,311,958
2015	1,765,000	545,978	2,310,978
2016	1,845,000	466,080	2,311,080
2017-2021	4,940,000	1,526,553	6,466,553
2022-2026	3,850,000	623,273	4,473,273
2027-2028	1,455,000	55,031	1,510,031
Total	<u>\$ 21,005,000</u>	<u>\$ 5,403,608</u>	<u>\$ 26,408,608</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 8: LONG-TERM DEBT (Continued)

(2) General Obligation Notes

The City issued general obligation notes to provide funding for various capital improvement projects. The notes are also direct obligations of the City and pledge the full faith and credit of the City. General obligation notes currently outstanding are as follows:

Description	Issue Date	Interest Rate	Outstanding Amount	Due in one year
State of Mississippi CAP Revolving Fund 15-year note , \$992,903 to construct fire Stations in the annexed area	8/4/1997	3.70%	\$ 28,099	\$ 28,099
State of Mississippi CAP Revolving Fund 15-year note, \$425,000, to construct fire Stations in the annexed area	8/4/1997	3.70%	12,939	12,939
Special Community Disaster Loan, FEMA 5-year note, \$13,373,122, to help offset operating costs due to Hurricane Katrina	various	2.75%	13,373,122	-
Hancock Bank, Mississippi Development Promissory Note, \$10,000,000 authorized. TBMA - The Bond Market Assoc Index	12/1/2000	1.05% over TBMA	5,123,662	470,350
Hancock Bank, Lease Purchase Agreement 5-year note, \$3,000,000, for equipment & vehicles for public works & fire dept	12/20/2006	3.86%	326,457	326,457
Bancorp South Line of Credit Note \$10 M	6/30/2011	5.0%	5,000,000	5,000,000
Total general obligation notes			<u>\$ 23,864,279</u>	<u>\$ 5,837,845</u>

The City issued general obligation notes to provide funding for various capital improvement projects. The special community disaster loan was deferred for an additional 5 years until 1/2/2016. The notes annual debt service requirements to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2012	\$ 5,837,845	\$ 160,346	\$ 5,998,191
2013	470,350	139,599	609,949
2014	470,350	125,489	595,839
2015	470,350	111,378	581,728
2016	13,843,472	3,549,832	17,393,304
2017-2021	2,327,167	274,682	2,601,849
2022-2024	444,745	20,479	465,224
Total	<u>\$ 23,864,279</u>	<u>\$ 4,381,805</u>	<u>\$ 28,246,084</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 8: LONG-TERM DEBT (Continued)

(3) Compensated Absences

The City's policies relative to compensated absences, method of computing accrued liabilities and reporting are discussed at Note 1. It is estimated that in the governmental-type activities: \$1,155,268 of the accrued liability of \$2,276,177 and in the business-type activities: \$4,811 of \$10,306 for compensated absences will be paid within one year. The General Fund has been used in prior years to liquidate the liability for compensated absences.

(4) Claims and Judgments

The City has a commitment to pay life insurance benefits of \$1,000 upon the death of each retiree included in the Firemen's and Policemen's Disability and Relief Plan. The City elected to cancel its insurance policy covering such claims and self-insure these benefits. As a result, a total of \$85,000 was recorded for the 85 remaining retirees receiving benefits effective October 1, 1992. As of September 30, 2011, a total of 36 retirees and employees remain covered under the system. Accordingly, a liability in the amount of \$36,000 has been included in the General Long-Term Debt at September 30, 2011. None of the liability for these benefits is estimated to be paid within one year.

(5) Legal Debt Margin

Legal Debt Margin - The amount of general obligation bonded debt that can be incurred by the county is limited by state statute. Total outstanding general obligation bonded debt during a year can be no greater than 15% of assessed value of the taxable property within the city, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a city issues bonds to repair or replace washed out or collapsed bridges on the public roads of the city. As of September 30, 2011 the amount of outstanding general obligation bonded debt was equal to 2.7% of the latest property assessments.

Mississippi law limits the amount of general obligation debt a municipality may issue to 15% of total assessed valuation. Gulfport's total assessed valuation is \$740,081,286; therefore, the 15% debt limitation equals \$111,012,193. After reduction for GO Bonds outstanding of \$21,005,000, and increased by \$3,913,841 available in the debt service fund, the City's remaining margin for further debt issuance is \$93,921,034.

(6) No-Commitment Debt

The City authorized the issuance of \$13,900,000 of Hospital Revenue Bonds in 1988, \$17,725,000 of Hospital Revenue Refunding Bonds in 1989 and \$60,000,000 of Hospital Revenue Bonds in 2001. The Series 1994A and 1994B Hospital Revenue Refunding and Improvement Bonds were issued in 1994 to refund the 1988 and 1989 bonds and provide financing for expansion. The 2001 bonds were used to provide financing for construction. As of September 30, 2011 the aggregate outstanding balance for the Hospital Revenue Refunding Bonds net of unamortized discount was \$82,202,704. These bonds do not constitute a liability of the City, are not a charge against its general credit or taxing powers and, accordingly, are not included in the City's General Long-Term Debt. However, as more fully discussed at Note 14, Memorial Hospital at Gulfport is a joint venture of the City and Harrison County.

(B) Business-type Activities

The following changes occurred in long-term debt liabilities reported in the Enterprise Funds for the year ended September 30, 2011

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 8: LONG-TERM DEBT (Continued)

Business-type activities	Payable at 10/01/10	Additions	Reductions	Payable at 09/30/11	Due in one year
General Obligation Bonds	\$ 55,875,000	\$ -	\$ 3,140,000	\$ 52,735,000	\$ 3,275,000
Notes payable	34,900,842	-	2,155,701	32,745,141	2,124,935
Compensated absences	17,188	616	7,498	10,306	5,452
Total	<u>\$ 90,793,030</u>	<u>\$ 616</u>	<u>\$ 5,303,199</u>	<u>\$ 85,490,447</u>	<u>\$ 5,405,387</u>

(1) General Obligation and Revenue Bonds

These are bonds for which the City pledges income derived from the acquired or constructed assets to pay debt service. Bonds outstanding at September 30, 2011 are as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding Amount	Due in one Year
Water and Sewer:					
General Obligation Refunding Bonds	\$ 3,810,000	12/2/2004	3.00 - 3.85 %	\$ 2,605,000	\$ 390,000
General Obligation Revenue Bonds	5,200,000	4/14/2005	4.00 - 4.25 %	4,080,000	215,000
General Obligation Refunding Bonds	47,565,000	4/7/2005	2.63 - 4.34 %	38,210,000	1,800,000
General Obligation Revenue Bonds	<u>9,500,000</u>	6/1/2009	3.34%	<u>7,840,000</u>	<u>870,000</u>
	<u>\$ 66,075,000</u>			<u>\$ 52,735,000</u>	<u>\$ 3,275,000</u>

Bonded debt service requirements to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2012	\$ 3,275,000	\$ 2,498,622	\$ 5,773,622
2013	3,425,000	2,351,314	5,776,314
2014	3,585,000	2,194,882	5,779,882
2015	3,935,000	2,036,263	5,971,263
2016	4,130,000	1,856,988	5,986,988
2017-2021	19,415,000	6,480,065	25,895,065
2022-2026	13,980,000	1,865,294	15,845,294
2027	<u>990,000</u>	<u>44,550</u>	<u>1,034,550</u>
Total	<u>\$ 52,735,000</u>	<u>\$ 19,327,978</u>	<u>\$ 72,062,978</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 8: LONG-TERM DEBT (Continued)

Prior year defeased bonds:

In July 2005, the City issued refunding bonds to defease certain outstanding bonds to achieve debt service savings. The City placed the proceeds from the refunding issues in an irrevocable escrow account with Peoples Bank to ensure payment of debt service on the refunded bonds. Accordingly, the trust account assets with a market value of \$39,229,215 and outstanding debt of \$38,235,000 for the defeased bonds as of September 30, 2011 are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not actually be retired until the call dates have come due or until maturity. Accordingly \$1,710,000 was retired during the fiscal year from the escrow account.

(2) Business Activities Note Obligations

The City's utility enterprise fund finances extensions and improvements to its system through note obligations that are subordinate to the revenue bonds.

The utility maintains state revolving loans, which enabled the City to provide sewer services in needed areas. These loans are to be repaid over a period of twenty years, bearing interest rates of 3% - 4.5% per annum. Payment on these loans is made by way of sales tax reductions from amounts due to the City for sales taxes collected in the City. The Water and Sewer Fund then reimburses the General Fund for the amount of the deduction.

A summary of note obligations outstanding at September 30, 2011 is as follows:

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding Amount	Due in One year
State Revolving Loans	\$ 44,534,555	various	3.0 - 4.5	\$ 29,407,280	\$ 2,095,285
Community Disaster Loan	2,985,689	various	2.74%	2,985,689	-
MS Development Bank	598,489	various	% of prime	352,172	29,650
Total	<u>\$ 48,875,360</u>			<u>\$ 32,745,141</u>	<u>\$ 2,124,935</u>

The community disaster loan was deferred an additional 5 years until 1/2/2016.

The notes annual debt service requirements to maturity are as follows:

Year Ended September 30	Principal	Interest	Total
2012	\$ 2,124,935	\$ 532,584	\$ 2,657,519
2013	2,083,155	483,281	2,566,437
2014	1,908,326	439,440	2,347,766
2015	1,731,665	153,863	1,885,528
2016	4,710,825	920,071	5,630,897
2017-2021	9,085,028	560,536	9,645,564
2022-2026	9,205,768	167,450	9,373,218
2027-2028	1,895,438	4,254	1,899,692
Total	<u>\$ 32,745,141</u>	<u>\$ 3,261,479</u>	<u>\$ 36,006,620</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 9: FUND BALANCE DISCLOSURES

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City currently only has prepaid interest reported as non-spendable fund balance.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The City has no committed fund balances reported at this time.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the City Clerk, CFO, or the CAO. The City has no assigned fund balances reported at this time.

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

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

NOTE 10: UNEMPLOYMENT COMPENSATION FUND

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

NOTE 11: RISK MANAGEMENT

(A) Description

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

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 11: RISK MANAGEMENT (Continued)

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

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

<u>Workers' Compensation</u>	
Per occurrence deductible (SIR)	\$500,000
Annual aggregate risk of loss through deductibles	\$2,508,833
Specific excess coverage in force	Statutory
<u>Employee Health Insurance</u>	
Per occurrence deductible (SIR)	\$125,000
Annual aggregate risk of loss through deductibles	No Limit
<u>General and Other Liability Coverage</u>	
Per occurrence deductible (SIR)	\$100,000
Annual aggregate risk of loss through deductibles	\$700,000
Specific excess coverage in force (no aggregate limitation)	\$1,000,000/Occurrence
<u>Property Coverage</u>	
Named Windstorm	10% per location
All Other Wind	\$100,000
All other perils	\$50,000/Occurrence
Wind on Water Towers	no coverage
Specific excess coverage in force	
Buildings	\$69,793,306
Contents	\$3,192,775
Signs	\$803,250

(B) Claims Liability

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

(C) Unpaid Claims Liabilities

The funds establish a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the City from October 1, 2009 to September 30, 2011:

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 11: RISK MANAGEMENT (Continued)

	Claims Contingency Fund (Worker's Compensation and Tort Claims)	Group Life and Health Fund (Health Care Claims)
Liability balance, October 1, 2009	\$ 1,950,000	\$ 526,756
Claims and changes in estimates	811,078	4,440,048
Claims payments	<u>(841,078)</u>	<u>(4,222,481)</u>
Liability balance, September 30, 2010	1,920,000	744,323
Claims and changes in estimates	2,599,601	3,492,887
Claims payments	<u>(1,779,601)</u>	<u>(4,126,987)</u>
Liability balance, September 30, 2011	<u>\$ 2,740,000</u>	<u>\$ 110,223</u>
Assets available to pay claims at September 30, 2011	<u>\$ 2,335,382</u>	<u>\$ 2,460,695</u>

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

NOTE 12: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT GRANT PROGRAMS

The City receives annual entitlement grants from the Department of Housing and Urban Development Community Block Grant Program. The following represents the status of grant awards at September 30, 2011:

(A) Community Development Entitlement Grants

Grant Number	Award Amount	Funds Drawn and Expended in FY 2011	Funds Drawn and Expended in prior years	Balance of Awards
B-09-MC-28-0002	\$ 748,224	\$ 177,967	\$ 261,779	\$ 308,478
B-10-MC-28-0002	816,959	-	-	816,959
B-11-MC-28-0002	682,026	-	-	682,026
	<u>\$ 748,224</u>	<u>\$ 177,967</u>	<u>\$ 261,779</u>	<u>\$ 308,478</u>

(B) Home Investment Partnership Program

Grant Number	Award Amount	Funds Drawn and Expended in FY 2011	Funds Drawn and Expended in prior years	Balance of Awards
B-06-MC-28-0002	\$ 774,398	\$ 32,875	\$ 706,912	\$ 34,611
B-07-MC-28-0002	768,297	88,688	604,260	75,349
B-08-MC-28-0002	729,637	11,312	39,922	678,403
B-09-MC-28-0002	825,293	-	-	825,293
B-10-MC-28-0002	820,532	-	-	820,532
B-11-MC-28-0002	720,856	-	-	720,856
	<u>\$ 4,639,013</u>	<u>\$ 132,875</u>	<u>\$ 1,351,094</u>	<u>\$ 3,155,044</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 13: OTHER COMMITMENTS AND CONTINGENCIES

(A) Federal Grants

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

(B) Contract Commitments

Construction Contracts - The following significant contracts were outstanding at September 30, 2011.

	Contract Amount	Expended to Date	Remaining Contract
Seaway Road Widening	\$ 4,705,095	\$ 3,923,801	\$ 781,294
Fire Station #7	2,397,257	2,100,174	297,083
Municipal Complex	25,537,039	25,389,143	147,896
Centennial Museum	1,303,362	959,321	344,041
Rice Pavilion	5,529,105	275,600	5,253,505
Grasslawn Museum	1,774,294	1,694,879	79,415
Jones Park Improvements	10,030,772	7,485,487	2,545,285
Area 1 Water, Sewer & Drainage	14,994,901	13,125,680	1,869,221
Area 2 Water, Sewer & Drainage	22,904,011	21,009,209	1,894,802
Area 3c Water, Sewer & Drainage	13,684,027	8,727,910	4,956,117
Area 3d Water, Sewer & Drainage	4,513,363	4,387,845	125,518
Utility Relocation SR 601	3,872,143	3,258,591	613,552
Harbor Master Office	2,105,042	829,572	1,275,470
Bert Jones Harbor Dredging and Pier Replacement	23,402,876	23,200,932	201,944
	<u>\$ 136,753,287</u>	<u>\$ 116,368,144</u>	<u>\$ 20,385,143</u>

Funds to be used to pay the above remaining contract commitments will be taken mostly from future FEMA grant obligations, CDBG grant obligations, and from the general and capital projects funds.

(C) Litigation

The City is party to various legal proceedings, which normally occur, in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City. In addition, the City currently has approximately \$2,740,000 accrued in the Claims Contingency Fund for pending or threatened litigation for which unfavorable outcome is considered probable. See Note 11 for the treatment of claims incurred but not reported and other tort liability information.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 14: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

I. JOINT VENTURES

(1) Memorial Hospital at Gulfport (MHG)

MHG is an acute care, not-for-profit community hospital jointly owned by the City and the Gulfport-West Harrison County Hospital District. The Board of Trustees of MHG pursuant to section 41-13-15 et seq. Mississippi Code of 1972, as amended operates it. MHG is classified as a joint venture between the City and the Gulfport-West Harrison County Hospital District. The following is a synopsis of MHG's financial statements as of and for the year ended September 30, 2011, a copy of which is on file at the administrative offices of Memorial Hospital located at 4500 13th Street, Gulfport, Mississippi 39501, or may be acquired by calling (228) 865-3078.

BALANCE SHEET
(amounts expressed in millions of dollars)

<u>ASSETS</u>	
Current assets	\$ 144.8
Noncurrent cash and investments	129.6
Capital assets	154.2
Other assets	2.5
Total assets	<u>\$ 431.1</u>
<u>LIABILITIES</u>	
Current liabilities	\$ 40.2
Long-term liabilities	79.5
Total liabilities	<u>119.7</u>
<u>NET ASSETS</u>	
Invested in capital assets (net)	72.0
Restricted	20.8
Unrestricted	218.6
Total net assets	<u>311.4</u>
Total liabilities and net assets	<u>\$ 431.1</u>

STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET ASSETS

(amounts expressed in millions of dollars)

Operating revenue	\$ 358.2
Operating expenses	322.6
Depreciation and amortization	20.7
Nonoperating revenues (expenses)	<u>(2.5)</u>
Change in net assets	<u>\$ 12.4</u>

The City has no transactions with MHG that are included in the City's financial statements. All general obligation bonds issued on behalf of Memorial Hospital were paid off during prior fiscal year. See Note 8(A)(6) for additional information pertaining to conduit debt issued for Memorial Hospital.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 14: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (continued)

(2) Harrison County Utility Authority

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

The following is a synopsis of the Authority's financial statements as of and for the year ended September 30, 2011, a complete copy of which is on file at the administrative offices of the Authority which are located at 14108 Airport Road, Gulfport, Mississippi 39503, or may be obtained by calling (228) 868-8752.

BALANCE SHEET

(amounts expressed in millions of dollars)

ASSETS

Current assets	\$ 9.3
Restricted assets	34.7
Capital assets, net	272.2
Other assets	28.3
Total assets	<u>\$ 344.5</u>

LIABILITIES

Current liabilities	\$ 9.7
Current liabilities from restricted assets	20.2
Long-term liabilities	143.3
Total liabilities	<u>173.2</u>

NET ASSETS

Investment in capital assets, net	152.8
Restricted net assets	20.5
Restricted net assets	(2.0)
Total net assets	<u>171.3</u>

Total liabilities and net assets	<u>\$ 344.5</u>
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**STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET ASSETS**

(amounts expressed in millions of dollars)

Operating revenue	\$ 18.4
Operating expenses	(18.5)
Depreciation and amortization	(4.0)
Nonoperating revenues, net	<u>68.6</u>
Change in net assets	<u>\$ 64.5</u>

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 14: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

The following financial information concerning transactions with the Authority has been included in the City's financial statements under the following captions:

Water and Sewer Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Assets Contractual services (solid waste, wastewater debt, and wastewater treatment charges)	<u>\$ 11,370,173</u>
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II. JOINTLY GOVERNED ORGANIZATIONS

Harrison County Library System

On May 18, 1976, the City entered into an agreement with the Board of Trustees of the Biloxi Public Library, the City of Gulfport, the Board of Supervisors of Harrison County, the Board of Trustees of the Gulfport-Harrison County Library, the City of Pass Christian, and the Board of Trustees of the Pass Christian Public Library to mutually cooperate in securing a more economical public library system through combined resources, interests, materials and facilities to be known as the Harrison County Library System. There are no specific monetary terms in the agreement and the City has no equity interest in the organization. However, a budget is approved every year by the County Library Board, which stipulates the amount of funds needed from the participating municipalities and various other funding sources. The City contributed \$347,435 for the year ended September 30, 2011. The amount budgeted for the City for the fiscal year ended September 30, 2012 is \$303,692. This agreement is cancelable upon 60 days written notice prior to the end of the fiscal year and therefore, the City does not have an ongoing financial responsibility.

Gulfport-Biloxi Regional Airport Authority

The Gulfport-Biloxi Regional Airport Authority was chartered on August 25, 1977, and assumed control of the Airport on October 1, 1977. The authority is comprised of one appointee each from the local governmental units of the City of Gulfport, the City of Biloxi, and Harrison County. These governmental units have agreed to subsidize the Airport annually, if necessary. During the past fiscal year, the City provided no funds to the Gulfport-Biloxi Regional Airport in order to assist in the operation of the facility.

NOTE 15: RETIREMENT PLANS

I. *Defined Benefit Plans*

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

A. Membership and Benefit Provisions

(1) Public Employee's Retirement System

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Section 21-11-1 et seq., Mississippi Code Annotated (1972), and may be amended only by the State of Mississippi Legislature.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 15: RETIREMENT PLANS (continued)

Substantially all of the City's full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee pension plan. Membership in PERS is a condition of employment; eligibility is granted upon hiring for all qualifying employees. If approved, membership a condition of employment. Members who terminate employment and are not eligible to receive monthly retirement benefits may request a refund of their accumulated employee contributions plus interest.

Participating members who are vested and retire at on after age 60 or those who retire regardless of age with at least 25 years of credited service are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service through 25 years, plus 2 ½ percent each year of credited service over 25 years. For members who entered the system prior to July 1, 2007, benefits vest upon completion of four years of membership service. For members who entered the system on or after July 1, 2007, benefits vest upon completion of eight years of membership service.

A cost of living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55.

PERS issues a publicly available financial report that includes financial statements and required supplemental 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.

(2) Municipal Retirement Systems:

The City contributes to the Municipal Retirement Systems' Fire and Police Disability and Relief Funds (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. At September 30, 2010, the date of the most recent actuarial verification available, the MRS are composed of 19 separate municipal retirement and fire and police disability and relief systems. Benefit provisions are established by Section 21-29, Articles 1,3,5,7, Mississippi Code Annotated (1972), and annual local and private legislation and may be amended only by the State of Mississippi Legislature.

Membership in the Fire and Police Disability and Relief Systems was granted to all City uniformed police officers and fire fighters who were not already members of PERS and who were hired prior to July 1, 1976. Employees hired after July 1, 1976 automatically become members of PERS. MRS was fully closed to new members July 1, 1976. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a refund of employee contributions.

Participating employees who retire regardless of age with at least 20 years of credited service are entitled to an annual retirement allowance payable monthly for life, in an amount equal to 50 percent of their average monthly compensation and an additional 1.7 percent for each year of credited service over 20 years not to exceed 66-2/3 percent of average monthly compensation. Average monthly compensation is the monthly average for the last six months of service. The City provides a minimum monthly retirement allowance of \$500 under the MRS. Benefits vest upon reaching 20 years of credited service. MRS also provide certain death and disability benefits. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Annotated (1972) and annual local and private legislation. Statutes may be amended only by the state legislature.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 15: RETIREMENT PLANS (continued)

B. Actuarial Asset Valuation

By statute, actuarial valuations of PERS must be performed at least once in each two-year period as of June 30, with the most recent being June 30, 2011. An actuarial valuation of MRS is required to be performed at least once in each four-year period as of September 30, with the most recent being September 30, 2010. All plans presently have actuarial valuations performed annually. Each valuation may be affected by changes in actuarial assumptions and changes in benefit provisions since the preceding valuation.

C. Funding Policy and Annual Pension Costs

Contribution provisions for PERS are established by state statute. The adequacy of these rates is assessed annually by actuarial valuation. Contribution provisions for MRS are established by state statute, annual local and private legislation and may be amended only by the State Legislature.

The following table provides information concerning funding and actuarial policies (express in thousands):

	<u>PERS</u>	<u>MRS</u>
Contribution rates:		
State	12.00%	N/A
Other employers	N/A	.99 - 9.51 mills
Plan members	9.00%	7.00% - 10.00%
Annual pension costs	\$723,836	\$17,739
Employer contributions made	\$723,836	\$22,860
Actuarial valuation date	June 30, 2011	Sept. 30, 2010
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level	Level
	percent open	dollar closed
Remaining amortization period	30 years	24.0 years
Asset valuation method	5-year	5-year
	smoothed market	smoothed market
Actuarial assumptions		
Investment rate of return	8.00%	8.00%
Wage inflation rate	4.25%	4.25%
Projected salary increases	4.50% - 20.00%	4.50% - 6.00%
Increases in benefits after retirement *	3.00%	2.00% - 3.75%
Proposed annual employer contribution rates for fiscal year 2012	12.93%	-

* calculated 3% simple interest to age 55, compounded each year thereafter for PERS and varies depending on municipality for MRS

D. Three-year Trend Information

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

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 15: RETIREMENT PLANS (continued)

Fiscal Years	Contributions	
Ending	PERS	MRS
2009	\$ 3,447,179	\$ 1,523,859
2010	3,181,382	1,375,214
2011	3,365,904	1,569,110

E. Funded Status and Funding Progress

Ten-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS June 30, 2011 financial report.

Ten-year historical trend information showing MRS' progress in accumulating sufficient assets to pay benefits when due is presented in a table in the required supplemental information section of this report. The most recent actuarial report for MRS is September 30, 2010.

II. Deferred Compensation Plan

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

Effective January 1, 1997, the Plan was amended by the State in accordance with the provisions of IRC Section 457(g). On that date, assets of the Plan were placed in trust by the State for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribe that the assets are no longer subject to the claims of the City's general creditors. Accordingly, the assets and the liabilities for the compensation deferred by plan participants were removed from the City's financial statements during the year ended September 30, 1997. As of September 30, 2011 and 2010, assets held by PERS for participants employed by the City of Gulfport, Mississippi approximated \$4,137,610 and \$3,488,092, respectively.

NOTE 16: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of Gulfport Insurance Committee administers the City's self-insured medical and dental plan. City retirees may obtain health and dental insurance by participating in a group with active employees. The retirees now pay 100% of their health insurance premiums, therefore, the City no longer has a postemployment healthcare benefit reportable under GASB 45 as a single employer defined benefit health care plan.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2011

NOTE 17: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments reflected on the Government-Wide Statement of Activities and on the Proprietary Statement of Revenues, Expenses and Changes in Net Assets are the results of the City performing a physical inventory, and a correction of reporting deferred debt charges in the proprietary funds as follows:

Governmental Activities	
Physical Inventory Adjustment	\$ 3,427,411
Business-Type Activities	
Adjustment of deferred debt charges (net of amortization)	<u>1,016,304</u>
Net Prior Period Adjustments	<u>\$ 4,443,715</u>



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Required Supplemental Information

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Major Governmental Funds
For the Fiscal Years Ended September 30, 2011

	<i>General Fund</i>			
	Budget		Actual Budget Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 17,523,290	\$ 17,523,290	\$ 17,447,973	\$ (75,317)
Sales	19,100,000	19,100,000	18,969,725	(130,275)
Franchise	4,000,000	4,000,000	3,691,004	(308,996)
Gaming	3,100,000	3,100,000	3,214,104	114,104
Licenses and permits	1,500,000	1,500,000	1,355,404	(144,596)
Intergovernmental	2,745,597	4,966,067	4,225,497	(740,570)
Charges for services	1,557,607	1,686,341	1,425,029	(261,312)
Fines and forfeits	2,088,000	2,088,000	2,323,213	235,213
Interest	100,000	100,000	20,483	(79,517)
Miscellaneous	130,000	182,882	149,639	(33,243)
Total revenues	<u>51,844,494</u>	<u>54,246,580</u>	<u>52,822,071</u>	<u>(1,424,509)</u>
Expenditures:				
General government				
Personnel services	4,779,853	4,769,651	4,565,837	203,814
Supplies	171,602	175,836	118,397	57,439
Other services	2,642,442	3,259,548	2,846,890	412,658
Capital outlay	-	125,600	66,372	59,228
Total	<u>7,593,897</u>	<u>8,330,635</u>	<u>7,597,496</u>	<u>733,139</u>
Police				
Personnel services	14,119,353	15,228,563	14,346,737	881,826
Supplies	1,206,944	1,307,744	1,263,728	44,016
Other services	1,941,888	2,611,015	2,333,368	277,647
Capital outlay	-	295,683	294,596	1,087
Total	<u>17,268,185</u>	<u>19,443,005</u>	<u>18,238,429</u>	<u>1,204,576</u>
Fire				
Personnel services	10,048,063	10,228,031	10,217,410	10,621
Supplies	340,723	401,028	384,868	16,160
Other services	363,781	423,888	387,992	35,896
Capital outlay	-	10,695	-	10,695
Total	<u>10,752,567</u>	<u>11,063,642</u>	<u>10,990,270</u>	<u>73,372</u>
Public works				
Personnel services	4,530,769	2,022,180	1,734,096	288,084
Supplies	1,518,987	1,658,170	1,425,682	232,488
Other services	2,347,991	5,293,322	5,050,439	242,883
Capital outlay	-	101,674	83,306	18,368
Total	<u>8,397,747</u>	<u>9,075,346</u>	<u>8,293,523</u>	<u>781,823</u>
Urban and economic development				
Personnel services	2,015,347	1,996,691	1,845,453	151,238
Supplies	57,355	57,355	30,102	27,253
Other services	384,075	467,867	259,794	208,073
Capital outlay	-	48,792	6,353	42,439
Total	<u>2,456,777</u>	<u>2,570,705</u>	<u>2,141,702</u>	<u>429,003</u>

(Continued on next page)

**The accompanying notes to the Required Supplemental Information
are an integral part of these financial statements.**

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (continued)
General Fund
Major Governmental Funds
For the Fiscal Years Ended September 30, 2011

	<i>General Fund</i>			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual Budget Basis	
	Original	Final		
Culture and recreation				
Personnel services	3,111,764	2,987,454	2,855,205	132,249
Supplies	672,414	693,791	645,275	48,516
Other services	1,243,234	1,446,184	1,388,488	57,696
Capital outlay	-	25,895	25,895	-
Total	5,027,412	5,153,324	4,914,863	238,461
Total expenditures	51,496,585	55,636,657	52,176,283	3,460,374
Excess (deficit) of revenues over expenditures	347,909	(1,390,077)	645,788	2,035,865
Other financing sources (uses)				
Proceeds of loans	-	-	-	-
Sale of capital assets	28,000	29,665	110,705	81,040
Transfers in	-	79,958	79,958	-
Transfers out	(500,000)	(1,821,678)	(1,376,678)	445,000
Total other financing sources (uses)	(472,000)	(1,712,055)	(1,186,015)	526,040
Changes in fund balance	(124,091)	(3,102,132)	(540,227)	2,561,905
Fund balance - October 1	3,000,000	5,931,887	5,931,887	
Fund balance - September 30	\$ 2,875,909	\$ 2,829,755	\$ 5,391,660	\$ 2,561,905

**The accompanying notes to the Required Supplemental Information
are an integral part of these financial statements.**

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Disaster Relief Special Revenue Fund
Major Governmental Funds
For the Fiscal Years Ended September 30, 2011

	<i>Disaster Relief Fund</i>			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 87,740,330	\$ 95,385,083	\$ 22,268,623	\$ (73,116,460)
Total revenues	<u>87,740,330</u>	<u>95,385,083</u>	<u>22,268,623</u>	<u>(73,116,460)</u>
Expenditures:				
General government				
Personnel services	360,734	360,734	-	360,734
Supplies	36,421	36,421	-	36,421
Other services	9,358,986	10,533,838	6,676,426	3,857,412
Capital outlay	65,396	65,396	-	65,396
Total	<u>9,821,537</u>	<u>10,996,389</u>	<u>6,676,426</u>	<u>4,319,963</u>
Public safety				
Supplies	516,201	516,201	191,457	324,744
Other services	1,800,214	1,800,214	1,093,262	706,952
Capital outlay	56,801	56,801	-	56,801
Total	<u>2,373,216</u>	<u>2,373,216</u>	<u>1,284,719</u>	<u>1,088,497</u>
Public works				
Supplies	1,518,546	1,518,546	-	1,518,546
Other services	8,908,166	8,908,166	1,447,580	7,460,586
Capital outlay	57,081,777	51,501,616	15,481,440	36,020,176
Total	<u>67,508,489</u>	<u>61,928,328</u>	<u>16,929,020</u>	<u>44,999,308</u>
Economic development				
Other services	3,469	3,469	-	3,469
Total	<u>3,469</u>	<u>3,469</u>	<u>-</u>	<u>3,469</u>
Culture and recreation				
Supplies	41,057	41,057	-	41,057
Other services	7,992,562	8,267,562	2,139,082	6,128,480
Capital outlay	-	-	2,676	-
Total	<u>8,033,619</u>	<u>8,308,619</u>	<u>2,141,758</u>	<u>6,169,537</u>
Total expenditures	<u>87,740,330</u>	<u>83,610,021</u>	<u>27,031,923</u>	<u>56,578,098</u>
Excess (deficit) of revenues over expenditures	-	11,775,062	(4,763,300)	(16,538,362)
Fund balance - October 1	-	-	-	-
Fund balance - September 30	<u>\$ -</u>	<u>\$ 11,775,062</u>	<u>\$ (4,763,300)</u>	<u>\$ (16,538,362)</u>

**The accompanying notes to the Required Supplemental Information
are an integral part of these financial statements.**

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Community Development Special Revenue Fund
Major Governmental Funds
For the Fiscal Year Ended September 30, 2011

	<i>Community Development Fund</i>			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,597,025	\$ 24,653,267	\$ 10,693,695	\$ (13,959,572)
Interest	-	-	2,801	2,801
Total revenues	<u>18,597,025</u>	<u>24,653,267</u>	<u>10,696,496</u>	<u>(13,956,771)</u>
Expenditures:				
Health and welfare				
Personnel services	107,533	391,869	246,662	145,207
Supplies	28,829	10,802	2,872	7,930
Other services	1,418,278	1,745,227	758,160	987,067
Capital outlay	17,042,385	20,964,348	9,910,319	11,054,029
Total expenditures	<u>18,597,025</u>	<u>23,112,246</u>	<u>10,918,013</u>	<u>12,194,233</u>
Excess (deficit) of revenues over expenditures	-	1,541,021	(221,517)	(1,762,538)
Fund balance - October 1	-	293,470	293,470	
Fund balance - September 30	<u>\$ -</u>	<u>\$ 1,834,491</u>	<u>\$ 71,953</u>	<u>\$ (1,762,538)</u>

**The accompanying notes to the Required Supplemental Information
are an integral part of these financial statements.**

CITY OF GULFPORT, MISSISSIPPI
Notes to the Required Supplemental Information and
Reconciliation of Budget to GAAP – Major Governmental Funds
For the Fiscal Year Ended September 30, 2011

Note 1: Budgetary Presentation:

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

The budgetary comparisons present budget figures at the legal level of control. The City Council formally adopts the annual budget for the General Fund with revenues segregated by source (ad valorem tax, licenses and permits, intergovernmental, etc.). The General Fund expenditure budget is set at the character level (current, capital outlay, debt service) for each department (function) with current expenditures further detailed at the object level (personal services, supplies, and other services).

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

Accounting principles applied in preparation of the budget comparison statements differ from the generally accepted accounting principles used in preparation of the fund statements. These differences in the principles used results in timing differences in the recognition of revenue and expenditures. Below is a reconciliation of the Major Funds Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual – Budget Basis to the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (major general and special revenue funds).

Note 2: Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>General Fund</u>	<u>Disaster Relief Fund</u>	<u>Community Development Fund</u>
Sources of financial resources			
Actual revenues (budgetary basis)	\$ 52,822,071	\$ 22,268,623	\$ 10,696,496
Differences - budget to GAAP. The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial statement purposes including auditor's entries for accounts receivable.	<u>8,839</u>	<u>(19,697,345)</u>	<u>253,951</u>
Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u><u>52,830,910</u></u>	<u><u>2,571,278</u></u>	<u><u>10,950,447</u></u>
Uses of financial resources:			
Actual expenditures (budgetary basis)	52,176,283	27,031,923	10,918,013
Differences - budget to GAAP. Encumbrances for supplies, equipment, and construction are reported in the year the order is placed for budgetary purposes, but in the year the goods or services are received for financial reporting purposes.	<u>(399,446)</u>	<u>(24,460,645)</u>	<u>(134,696)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u><u>\$ 51,776,837</u></u>	<u><u>\$ 2,571,278</u></u>	<u><u>\$ 10,783,317</u></u>

CITY OF GULFPORT, MISSISSIPPI
Mississippi Municipal Retirement System (MMRS)
Required Supplemental Information
Analysis of Funding Progress
(Amounts Express in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a) /c)
9/30/2002	10,986	18,904	7,918	58.1%	588	1346.6%
9/30/2003	11,136	23,527	12,391	47.3%	408	3037.0%
9/30/2004	10,745	23,317	12,572	46.1%	230	5466.1%
9/30/2005	10,212	22,970	12,758	44.5%	207	6163.3%
9/30/2006	10,533	22,720	12,187	46.4%	130	9374.6%
9/30/2007	10,897	22,170	11,273	49.2%	139	8110.1%
9/30/2008	11,242	22,193	10,951	50.7%	156	7019.9%
9/30/2009	10,926	22,696	11,770	48.1%	165	7133.3%
9/30/2010	10,349	22,297	11,948	46.4%	165	7241.2%
9/30/2011	10,337	21,146	10,809	48.9%	164	6590.9%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the City of Gulfport's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and the annual covered payroll are both affected by inflation. Usually expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan. However, for closed plans such as this one, this figure is highly misleading and should be ignored.

Supplemental Information

Nonmajor Governmental Funds Combining Financial Statements

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

CITY OF GULFPORT, MISSISSIPPI
Non-major Governmental Funds
Combining Balance Sheet
September 30, 2011

	<u>Special Revenue</u>		<u>Capital Projects</u>				<u>Total Other Governmental Funds</u>
	<u>Forfeitures and Seizures</u>	<u>Police and Fireman's Retirement</u>	<u>1996 Public Improvement Fund</u>	<u>1998 Public Improvement Fund</u>	<u>2001 Public Improvement Fund</u>	<u>2003 Public Improvement Fund</u>	
Assets							
Cash and cash equivalents	\$ 1,424,196	\$ -	\$ 9,463	\$ 141,942	\$ 333,133	\$ 431,784	\$ 2,340,518
Receivables							
Property taxes	-	11,827	-	-	-	-	11,827
Total assets	<u>1,424,196</u>	<u>11,827</u>	<u>9,463</u>	<u>141,942</u>	<u>333,133</u>	<u>431,784</u>	<u>2,352,345</u>
Liabilities and Fund balance							
Liabilities							
Accounts payable	28,831	-	-	1,120	-	-	29,951
Due to other governments	-	11,827	-	-	-	-	11,827
Total Liabilities	<u>28,831</u>	<u>11,827</u>	<u>-</u>	<u>1,120</u>	<u>-</u>	<u>-</u>	<u>41,778</u>
Fund Balance							
Restricted for drug enforcement	1,395,365	-	-	-	-	-	1,395,365
Restricted for capital projects	-	-	9,463	140,822	333,133	431,784	915,202
Total fund balance	<u>1,395,365</u>	<u>-</u>	<u>9,463</u>	<u>140,822</u>	<u>333,133</u>	<u>431,784</u>	<u>2,310,567</u>
Total liabilities and fund balance	<u>\$ 1,424,196</u>	<u>\$ 11,827</u>	<u>\$ 9,463</u>	<u>\$ 141,942</u>	<u>\$ 333,133</u>	<u>\$ 431,784</u>	<u>\$ 2,352,345</u>

CITY OF GULFPORT, MISSISSIPPI
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2011

	Special Revenue		Capital Projects				Total Other Governmental Funds
	Forfeitures and Seizures	Police and Fireman's Retirement	1996 Public Improvement Fund	1998 Public Improvement Fund	2001 Public Improvement Fund	2003 Public Improvement Fund	
Revenues							
Taxes:							
Property	\$ -	\$ 1,495,284	\$ -	\$ -	\$ -	\$ -	\$ 1,495,284
Intergovernmental	451,775	49,906	-	-	-	-	501,681
Interest Income	15,589	-	31	479	1,065	1,468	18,632
Total revenues	<u>467,364</u>	<u>1,545,190</u>	<u>31</u>	<u>479</u>	<u>1,065</u>	<u>1,468</u>	<u>2,015,597</u>
Expenditures							
Current:							
Public safety	268,616	1,545,190	-	-	-	-	1,813,806
Capital outlay:							
Public safety	844,189	-	-	-	-	-	844,189
Public works	-	-	-	9,373	-	31,811	41,184
Total expenditures	<u>1,112,805</u>	<u>1,545,190</u>	<u>-</u>	<u>9,373</u>	<u>-</u>	<u>31,811</u>	<u>2,699,179</u>
Excess of revenues over (under) expenditures	<u>(645,441)</u>	<u>-</u>	<u>31</u>	<u>(8,894)</u>	<u>1,065</u>	<u>(30,343)</u>	<u>(683,582)</u>
Other financing sources (uses)							
Sale of fixed assets	10,530	-	-	-	-	-	10,530
Transfers out	-	-	-	(2,576)	-	-	(2,576)
Total other financing sources (uses)	<u>10,530</u>	<u>-</u>	<u>-</u>	<u>(2,576)</u>	<u>-</u>	<u>-</u>	<u>7,954</u>
Change in fund balance	(634,911)	-	31	(11,470)	1,065	(30,343)	(675,628)
Fund balance - October 1	<u>2,030,276</u>	<u>-</u>	<u>9,432</u>	<u>152,292</u>	<u>332,068</u>	<u>462,127</u>	<u>2,986,195</u>
Fund balance - September 30	<u>\$ 1,395,365</u>	<u>\$ -</u>	<u>\$ 9,463</u>	<u>\$ 140,822</u>	<u>\$ 333,133</u>	<u>\$ 431,784</u>	<u>\$ 2,310,567</u>

Supplemental Information

Individual Fund Schedules of Revenue, Expenditures and Changes in Fund Balances – Budget to Actual Nonmajor Governmental Funds Special Revenue Funds

Forfeitures and Seizures Fund – This fund is used to account for monies seized and forfeited through drug enforcement actions and are specifically restricted for drug enforcement expenditures and other such public safety operations.

Police and Firemen's 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 Employee's Retirement System (PERS) for a closed fire and police retirement system managed by PERS.

CITY OF GULFPORT, MISSISSIPPI
Forfeitures and Seizures Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

	<i>Forfeitures and Seizures Fund</i>			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 451,775	\$ 451,775
Interest	-	-	15,589	15,589
Total revenues	-	-	467,364	467,364
Expenditures:				
Public safety	1,993,315	1,993,315	1,112,805	880,510
Total expenditures	1,993,315	1,993,315	1,112,805	880,510
Excess (deficit) of revenues over expenditures	(1,993,315)	(1,993,315)	(645,441)	1,347,874
Other financing sources (uses)				
Sale of general fixed assets	-	-	10,530	10,530
Total other financing sources (uses)	-	-	10,530	10,530
Changes in fund balance	(1,993,315)	(1,993,315)	(634,911)	1,358,404
Fund balance - October 1	1,993,315	1,993,315	2,030,276	-
Fund balance - September 30	\$ -	\$ -	\$ 1,395,365	\$ 1,358,404

CITY OF GULFPORT, MISSISSIPPI
Police and Fireman's Retirement Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

<i>Police and Fireman's Retirement Fund</i>				Variance with
				Final Budget
Budget				Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Taxes	\$ 1,520,764	\$ 1,520,764	\$ 1,495,285	\$ (25,479)
Intergovernmental	43,800	43,800	49,906	6,106
Total revenues	<u>1,564,564</u>	<u>1,564,564</u>	<u>1,545,191</u>	<u>(19,373)</u>
Expenditures:				
Public safety	1,564,564	1,564,564	1,545,191	19,373
Total expenditures	<u>1,564,564</u>	<u>1,564,564</u>	<u>1,545,191</u>	<u>19,373</u>
Changes in fund balance	-	-	-	-
Fund balance - October 1	-	-	-	-
Fund balance - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Information

Individual Fund Schedules of Revenue, Expenditures and Changes in Fund Balances – Budget to Actual Other Major and Non-major Governmental Funds Capital Projects Funds

1996 Public Improvement Fund – This fund is used to account for various public improvement projects financed by general obligation bonds.

1998 Public Improvement Fund – This fund is used to account for various public improvement projects financed by general obligation bonds.

2001 Public Improvement Fund – This fund is used to account for various public improvement projects financed by Mississippi Development Promissory Note.

2003 Public Improvement Fund – This fund is used to account for various public improvement projects financed by general obligation bonds.

Capital Projects Fund – (Major fund not part of required supplementary information) This fund is used to account for tax revenues and certain government grants specifically restricted for the construction of major capital facilities and public improvement projects not otherwise funded by general obligation bonds

CITY OF GULFPORT, MISSISSIPPI
1996 Public Improvement Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

<i>1996 Public Improvement Fund</i>				Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 30	\$ 30
Total revenues	-	-	30	30
Expenditures:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Changes in fund balance	-	-	30	30
Fund balance - October 1	-	-	9,432	-
Fund balance - September 30	\$ -	\$ -	\$ 9,462	\$ 30

CITY OF GULFPORT, MISSISSIPPI
1998 Public Improvement Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

<i>1998 Public Improvement Fund</i>				Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 479	\$ 479
Total revenues	-	-	479	479
Expenditures:				
Public works	-	-	11,949	-
Total expenditures	-	-	11,949	-
Changes in fund balance	-	-	(11,470)	479
Fund balance - October 1	-	-	152,292	-
Fund balance - September 30	\$ -	\$ -	\$ 140,822	\$ 479

CITY OF GULFPORT, MISSISSIPPI
2001 Public Improvement Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

<i>2001 Public Improvement Fund</i>				Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 1,064	\$ 1,064
Total revenues	-	-	1,064	1,064
Expenditures:				
Public works	-	223,677	-	223,677
Total expenditures	-	223,677	-	223,677
Changes in fund balance	-	(223,677)	1,064	224,741
Fund balance - October 1	-	332,068	332,068	-
Fund balance - September 30	\$ -	\$ 108,391	\$ 333,132	\$ 224,741

CITY OF GULFPORT, MISSISSIPPI
2003 Public Improvement Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

	<i>2003 Public Improvement Fund</i>			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 1,468	\$ 1,468
Total revenues	-	-	1,468	1,468
Expenditures:				
Public works	-	335,889	31,811	304,078
Total expenditures	-	335,889	31,811	304,078
Excess (deficit) of revenues over expenditures	-	(335,889)	(30,343)	305,546
Other financing sources (uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Changes in fund balance	-	(335,889)	(30,343)	305,546
Fund balance - October 1	-	462,127	462,127	-
Fund balance - September 30	\$ -	\$ 126,238	\$ 431,784	\$ 305,546

CITY OF GULFPORT, MISSISSIPPI
Capital Projects Fund
(Major Fund)
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

	<i>Capital Projects Fund</i>			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,362,954	\$ 12,362,954	\$ 5,505,904	\$ (6,857,050)
Interest	-	-	6,251	6,251
Miscellaneous	50,000	50,000	19,805	(30,195)
Total revenues	<u>12,412,954</u>	<u>12,412,954</u>	<u>5,531,960</u>	<u>(6,880,994)</u>
Expenditures:				
Capital Projects	21,652,717	20,954,257	8,405,551	12,548,706
Total expenditures	<u>21,652,717</u>	<u>20,954,257</u>	<u>8,405,551</u>	<u>12,548,706</u>
Excess (deficit) of revenues over expenditures	<u>(9,239,763)</u>	<u>(8,541,303)</u>	<u>(2,873,591)</u>	<u>5,667,712</u>
Other financing sources (uses)				
Transfers in	500,000	500,000	55,000	(445,000)
Transfers out	-	-	(79,958)	(79,958)
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>(24,958)</u>	<u>(524,958)</u>
Changes in fund balance	(8,739,763)	(8,041,303)	(2,898,549)	5,142,754
Fund balance - October 1	8,739,763	8,739,763	6,446,863	-
Fund balance - September 30	<u>\$ -</u>	<u>\$ 698,460</u>	<u>\$ 3,548,314</u>	<u>\$ 5,142,754</u>

Supplemental Information

Individual Fund Schedules of Revenue, Expenditures
and Changes in Fund Balances – Budget to Actual
Other Major Governmental Funds
Debt Service Fund

Debt Service Fund (major fund not part of required supplementary information) is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the City of Gulfport, Mississippi is obligated in some manner for the payment.

CITY OF GULFPORT, MISSISSIPPI
Debt Service Fund
(Major Fund)
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

	<i>Debt Service Fund</i>			Variance with Final Budget Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Property taxes	\$ 4,860,889	\$ 4,860,889	\$ 3,546,125	\$ (1,314,764)
Intergovernmental	140,000	140,000	160,634	20,634
Interest	-	-	11,322	11,322
Total revenues	5,000,889	5,000,889	3,718,081	(1,282,808)
Expenditures:				
Debt service:				
Principal	3,750,000	3,750,000	3,752,062	(2,062)
Interest	1,270,000	1,270,000	1,048,570	221,430
Other	16,000	16,000	9,165	6,835
Total expenditures	5,036,000	5,036,000	4,809,797	226,203
Excess (deficit) of revenues over expenditures	(35,111)	(35,111)	(1,091,716)	(1,056,605)
Fund balance - October 1	2,900,000	3,735,399	3,735,399	-
Fund balance - September 30	\$ 2,864,889	\$ 3,700,288	\$ 2,643,683	\$ (1,056,605)

Supplemental Information

Proprietary Funds
Business-type Activities
Enterprise Funds

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

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

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

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds - Business-Type Activities
Combining Statement of Net Assets
September 30, 2011

	Business-type Activities			Totals
	Water and Sewer	Joseph T. Jones Park	Gulfport Redevelopment Commission	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 432,809	\$ 143,270	\$ -	\$ 576,079
Receivables:				
Customer accounts (net of allowance for uncollectible accounts)	2,039,138	3,066	-	2,042,204
Customer accounts accrued but not billed	2,316,851	-	-	2,316,851
Due from other governments	5,762,496	88,650	-	5,851,146
Total current assets	<u>10,551,294</u>	<u>234,986</u>	<u>-</u>	<u>10,786,280</u>
Current restricted assets				
Cash - Customer Deposits	1,655,242	22,088	-	1,677,330
Cash - Bond indentures	2,000	-	-	2,000
Investments - Bond indenture	950,230	-	-	950,230
Total current restricted assets	<u>2,607,472</u>	<u>22,088</u>	<u>-</u>	<u>2,629,560</u>
Noncurrent assets				
Capital assets:				
Land	149,313	52,519	16,750,000	16,951,832
Construction in progress	12,320,107	24,094,186	-	36,414,293
Buildings	-	8,000	3,490,000	3,498,000
Infrastructure	233,472,214	156,769	-	233,628,983
Machinery and equipment	1,831,189	6,187	-	1,837,376
Vehicles	2,472,231	66,000	-	2,538,231
Less accumulated depreciation	(44,942,183)	(106,663)	-	(45,048,846)
Total capital assets, net of accumulated depreciation	<u>205,302,871</u>	<u>24,276,998</u>	<u>20,240,000</u>	<u>249,819,869</u>
Other noncurrent assets				
Cash - Water and Sewer Improvements	695,274	-	-	695,274
Deferred charges	3,602,358	-	-	3,602,358
Total other noncurrent assets	<u>4,297,632</u>	<u>-</u>	<u>-</u>	<u>4,297,632</u>
Total assets	<u>222,759,269</u>	<u>24,534,072</u>	<u>20,240,000</u>	<u>267,533,341</u>
LIABILITIES				
Current liabilities (payable from current assets)				
Accounts payable	4,569,263	175,020	-	4,744,283
Accrued wages payable	2,506	4,272	-	6,778
Due to other funds	54,250	-	-	54,250
Retainage payable	2,083,239	63,683	-	2,146,922
Other liabilities	6,609	363	-	6,972
Current portion of long-term debt				
Accrued interest payable	629,318	-	-	629,318
Compensated absences payable	5,452	-	-	5,452
Notes payable	2,124,935	-	-	2,124,935
Bonds payable	3,275,000	-	-	3,275,000
Total current liabilities payable from current assets	<u>12,750,572</u>	<u>243,338</u>	<u>-</u>	<u>12,993,910</u>
Current liabilities (payable from restricted assets)				
Customer Deposits	1,636,379	22,088	-	1,658,467
Total current liabilities	<u>14,386,951</u>	<u>265,426</u>	<u>-</u>	<u>14,652,377</u>
Long-term debt				
Accrued interest payable	424,470	-	-	424,470
Compensated absences payable	4,854	-	-	4,854
Notes payable	30,620,206	-	-	30,620,206
Bonds payable	49,460,000	-	-	49,460,000
Total noncurrent liabilities	<u>80,509,530</u>	<u>-</u>	<u>-</u>	<u>80,509,530</u>
Total liabilities	<u>94,896,481</u>	<u>265,426</u>	<u>-</u>	<u>95,161,907</u>
NET ASSETS				
Invested in capital assets, net of related debt	122,179,102	24,276,998	20,240,000	166,696,100
Restricted for revenue bond indentures	952,230	-	-	952,230
Unrestricted	4,731,456	(8,352)	-	4,723,104
Total net assets	<u>\$ 127,862,788</u>	<u>\$ 24,268,646</u>	<u>\$ 20,240,000</u>	<u>\$ 172,371,434</u>

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds - Business-Type Activities
Combining Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended September 30, 2011

	Business-type Activities			Totals
	Water and Sewer	Joseph T. Jones Park	Gulfport Redevelopment Commission	
Operating Revenues				
Charges for services	\$ 28,604,172	\$ 11,647	\$ -	\$ 28,615,819
Miscellaneous	95,536	3	-	95,539
Total operating revenues	<u>28,699,708</u>	<u>11,650</u>	<u>-</u>	<u>28,711,358</u>
Operating Expenses				
Personnel services	90,292	119,069	-	209,361
Contractual services	16,724,218	2,000	-	16,726,218
Material and supplies	1,579,810	37,510	-	1,617,320
Depreciation	4,844,360	5,767	-	4,850,127
Amortization	308,262	-	-	308,262
Total operating expenses	<u>23,546,942</u>	<u>164,346</u>	<u>-</u>	<u>23,711,288</u>
Operating income (loss)	<u>5,152,766</u>	<u>(152,696)</u>	<u>-</u>	<u>5,000,070</u>
Non-operating revenues				
Intergovernmental grants	22,277,143	7,680,590	-	29,957,733
Loss on sale of disposal of assets	(2,972)	-	-	(2,972)
Interest income	23,286	342	-	23,628
Interest expense	(3,364,280)	-	-	(3,364,280)
Total nonoperating revenues (net)	<u>18,933,177</u>	<u>7,680,932</u>	<u>-</u>	<u>26,614,109</u>
Income (loss) before transfers	24,085,943	7,528,236	-	31,614,179
Transfers from other funds	3,454,986	427,242	-	3,882,228
Change in net assets	<u>27,540,929</u>	<u>7,955,478</u>	<u>-</u>	<u>35,496,407</u>
Net assets - October 1	100,208,048	15,410,675	20,240,000	135,858,723
Prior Period Adjustments	113,811	902,493	-	1,016,304
Net assets - October 1 (Restated)	<u>100,321,859</u>	<u>16,313,168</u>	<u>20,240,000</u>	<u>136,875,027</u>
Net assets - September 30	<u>\$ 127,862,788</u>	<u>\$ 24,268,646</u>	<u>\$ 20,240,000</u>	<u>\$ 172,371,434</u>

CITY OF GULFPORT, MISSISSIPPI
Proprietary Fund - Business-type Activities
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2011

	Business-type Activities		
	Water and Sewer	Joseph T. Jones Park	Totals
Cash flows from operating activities			
Cash received from customers	\$ 26,904,982	\$ 9,475	\$ 26,914,457
Cash received from other operating receipts	95,536	3	95,539
Cash paid to suppliers	(18,685,836)	(22,367)	(18,708,203)
Cash paid to employees	(90,707)	(124,848)	(215,555)
Cash received from meter deposits, net	252,536	22,088	274,624
Net cash provided by (used in) operating activities	<u>8,476,511</u>	<u>(115,649)</u>	<u>8,360,862</u>
Cash from non-operating activities			
Cash received from governmental grants	16,514,647	7,591,940	24,106,587
Net cash provided by non-operating activities	<u>16,514,647</u>	<u>7,591,940</u>	<u>24,106,587</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(16,505,661)	(7,425,904)	(23,931,565)
Principal paid on revenue bond maturities and notes payable	(5,295,701)	-	(5,295,701)
Interest paid on bonds and notes payable	(3,251,052)	-	(3,251,052)
Net cash used in capital and related financing activities	<u>(25,052,414)</u>	<u>(7,425,904)</u>	<u>(32,478,318)</u>
Cash flows from investing activities			
Interest received	23,285	342	23,627
Net cash provided by (used in) investing activities	<u>23,285</u>	<u>342</u>	<u>23,627</u>
Net increase (decrease) in cash and cash equivalents	(37,971)	50,729	12,758
Cash and equivalents - October 1	2,823,296	114,629	2,937,925
Cash and equivalents - September 30	<u>\$ 2,785,325</u>	<u>\$ 165,358</u>	<u>\$ 2,950,683</u>

**Reconciliation of income (loss) from operations
to net cash provided (used) by operating activities**

Operating income (loss)	\$ 5,152,766	\$ (152,696)	\$ 5,000,070
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	4,844,360	5,767	4,850,127
Amortization	308,262	-	308,262
(Increase) decrease in assets			
Accounts receivable	(1,699,190)	(2,172)	(1,701,362)
Increase (decrease) in liabilities			
Accounts payable	(382,424)	16,805	(365,619)
Accrued wages payable	(1,031)	1,719	688
Other liabilities	616	338	954
Meter deposit liabilities	252,536	22,088	274,624
Compensated absences payable	616	(7,498)	(6,882)
Net cash provided by (used in) operating activities	<u>\$ 8,476,511</u>	<u>\$ (115,649)</u>	<u>\$ 8,360,862</u>

Non cash investing, capital and financing activities:

Transfers of capital expenditures from other funds	\$ 3,454,986	\$ 427,242	\$ 3,882,228
Contributed capital	-	-	-
	<u>\$ 3,454,986</u>	<u>\$ 427,242</u>	<u>\$ 3,882,228</u>

**Reconciliation of cash and cash equivalents
per statement of cash flows to statement of net assets**

	<u>Other Assets</u>	<u>Restricted Assets</u>	<u>Current Assets</u>	<u>Total</u>
Cash and cash equivalents - October 1	\$ 1,098,940	\$ 1,394,681	\$ 444,304	\$ 2,937,925
Net increase (decrease)	(403,666)	284,649	131,775	12,758
Cash and cash equivalents - September 30	<u>\$ 695,274</u>	<u>\$ 1,679,330</u>	<u>\$ 576,079</u>	<u>\$ 2,950,683</u>

Supplemental Information

Proprietary Funds
Governmental-type Activities
Internal Service Funds

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

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

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds - Government-type Activities
Combining Statement of Net Assets
September 30, 2011

	Government-type Activities		
	Group Life and Health	Claims Contingency	Total
Assets			
Cash and cash equivalents	\$ 969,520	\$ 669,526	\$ 1,639,046
Investments	-	1,855,373	1,855,373
Due from other funds	1,500,000	-	1,500,000
Prepaid insurance	-	920,678	920,678
Total assets	2,469,520	3,445,577	5,915,097
Liabilities			
Accounts payable	8,825	189,517	198,342
Liability for self-insurance claims	110,223	2,740,000	2,850,223
Total Liabilities	119,048	2,929,517	3,048,565
Net assets			
Unrestricted	\$ 2,350,472	\$ 516,060	\$ 2,866,532

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds - Government-type Activities
Combining Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended September 30, 2011

	Government-type Activities		
	Group Life and Health	Claims Contingency	Total
Operating Revenues			
Employee contributions	\$ 1,143,081	\$ -	\$ 1,143,081
Retiree contributions	212,246	-	212,246
Employer contributions	4,035,314	2,507,978	6,543,292
Insurance claim reimbursements	1,045,430	1,939	1,047,369
Total operating revenues	<u>6,436,071</u>	<u>2,509,917</u>	<u>8,945,988</u>
Operating Expenses			
Administrative expenses	148,514	114,884	263,398
Contractual services	219,274	85,976	305,250
Death benefits paid	-	1,000	1,000
Premium payments	414,654	1,613,716	2,028,370
Claims paid	4,126,987	1,779,601	5,906,588
Total operating expenses	<u>4,909,429</u>	<u>3,595,177</u>	<u>8,504,606</u>
Operating income (loss)	<u>1,526,642</u>	<u>(1,085,260)</u>	<u>441,382</u>
Non-operating revenues (expenses)			
Tranfers out	-	(638,421)	(638,421)
Interest income	2,866	62,453	65,319
Total non-operating income (loss)	<u>2,866</u>	<u>(575,968)</u>	<u>(573,102)</u>
Change in net assets	1,529,508	(1,661,228)	(131,720)
Net assets - October 1	<u>820,964</u>	<u>2,177,288</u>	<u>2,998,252</u>
Net assets - September 30	<u>\$ 2,350,472</u>	<u>\$ 516,060</u>	<u>\$ 2,866,532</u>

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds - Government-type activities
Combining Statement of Cash Flows
For the Fiscal Years ended September 30, 2011

	Government-type Activities		
	Group Life and Health	Claims Contingency	Total
Cash flows from operating activities			
Cash received from employees and others	\$ 1,143,081	\$ -	\$ 1,143,081
Cash received from insurance claims	1,045,430	1,939	1,047,369
Cash received from employer contributions	4,247,560	2,507,978	6,755,538
Cash paid to suppliers	(5,543,555)	(2,654,671)	(8,198,226)
Net cash provided by operating activities	<u>892,516</u>	<u>(144,754)</u>	<u>747,762</u>
Cash flows from non-operating activities			
Cash loaned to other governmental funds	(1,500,000)	-	(1,500,000)
Net cash used by non-operating activities	<u>(1,500,000)</u>	<u>-</u>	<u>(1,500,000)</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets transferred to other funds	-	(638,421)	(638,421)
Net cash used from capital and related financing activities	<u>-</u>	<u>(638,421)</u>	<u>(638,421)</u>
Cash flows from investing activities			
Investment transactions, net	-	(53,556)	(53,556)
Interest received	2,866	62,453	65,319
Net cash from investing activities	<u>2,866</u>	<u>8,897</u>	<u>11,763</u>
Net increase (decrease) in cash and cash equivalents	(604,618)	(774,278)	(1,378,896)
Cash and equivalents - October 1	1,574,138	1,443,804	3,017,942
Cash and equivalents - September 30	<u>\$ 969,520</u>	<u>\$ 669,526</u>	<u>\$ 1,639,046</u>
Non-cash and capital related financing activities			
Changes in fair value of investments	\$ -	\$ (5,632)	\$ (5,632)

**Reconciliation of income (loss) from operations
to net cash provided (used) by operating activities**

Operating income (loss)	\$ 1,526,642	\$ (1,085,260)	\$ 441,382
Adjustments to reconcile operating income to net cash provided by operating activities			
(Increase) decrease in assets			
Prepaid insurance	-	(39,052)	(39,052)
Increase (decrease) in liabilities			
Accounts payable	(26)	159,558	159,532
Other liabilities	(634,100)	820,000	185,900
Net cash provided by (used in) operating activities	<u>\$ 892,516</u>	<u>\$ (144,754)</u>	<u>\$ 747,762</u>

Statistical Section

This part of the City of Gulfport's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time. 107

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 112

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 116

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 121

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 123

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

City of Gulfport
Net Assets by Component
Last Nine Fiscal Years

	Fiscal Year		
	2011	2010	2009
Governmental activities			
Invested in capital assets, net of related debt	\$ 266,185,951	\$ 249,085,367	\$ 241,003,147
Restricted	5,797,855	9,827,643	23,399,810
Unrestricted	<u>(2,647,738)</u>	<u>(6,373,773)</u>	<u>(7,464,868)</u>
Total governmental activities net assets	<u>\$ 269,336,068</u>	<u>\$ 252,539,237</u>	<u>\$ 256,938,089</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 166,696,100	\$ 132,528,012	\$ 70,723,443
Restricted	952,230	952,121	968,050
Unrestricted	<u>4,723,104</u>	<u>2,378,590</u>	<u>11,971,135</u>
Total business-type activities net assets	<u>\$ 172,371,434</u>	<u>\$ 135,858,723</u>	<u>\$ 83,662,628</u>
Primary government			
Invested in capital assets, net of related debt	\$ 432,882,051	\$ 381,613,379	\$ 311,726,590
Restricted	6,750,085	10,779,764	24,367,860
Unrestricted	<u>2,075,366</u>	<u>(3,995,183)</u>	<u>4,506,267</u>
Total primary government net assets	<u>\$ 441,707,502</u>	<u>\$ 388,397,960</u>	<u>\$ 340,600,717</u>

* Restated due to non-capital related debt previously included in Invested in capital assets, net of related debt

Fiscal Year					
2008*	2007*	2006*	2005	2004	2003
\$ 189,599,451	\$ 188,696,228	\$ 174,441,181	\$ 170,877,765	\$ 171,665,624	\$ 168,887,356
32,297,576	12,457,697	7,293,203	12,838,584	2,780,874	4,288,017
831,049	33,437,718	30,408,172	18,707,142	27,052,299	19,905,051
<u>\$ 222,728,076</u>	<u>\$ 234,591,643</u>	<u>\$ 212,142,556</u>	<u>\$ 202,423,491</u>	<u>\$ 201,498,797</u>	<u>\$ 193,080,424</u>
\$ 54,599,249	\$ 35,870,524	\$ 27,883,405	\$ 9,070,921	\$ 2,679,954	\$ (168,187)
4,000	4,000	4,000	4,000	4,000	4,000
14,425,629	20,910,904	19,295,222	15,774,671	17,583,643	17,966,708
<u>\$ 69,028,878</u>	<u>\$ 56,785,428</u>	<u>\$ 47,182,627</u>	<u>\$ 24,849,592</u>	<u>\$ 20,267,597</u>	<u>\$ 17,802,521</u>
\$ 244,198,700	\$ 224,566,752	\$ 202,324,586	\$ 179,948,686	\$ 174,345,578	\$ 168,719,169
32,301,576	12,461,697	7,297,203	12,842,584	2,784,874	4,292,017
15,256,678	54,348,622	49,703,394	34,481,813	44,635,942	37,871,759
<u>\$ 291,756,954</u>	<u>\$ 291,377,071</u>	<u>\$ 259,325,183</u>	<u>\$ 227,273,083</u>	<u>\$ 221,766,394</u>	<u>\$ 210,882,945</u>

City of Gulfport
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2011	2010	2009
Expenses			
Governmental activities:			
General government	\$ 15,002,455	\$ 15,267,846	\$ 18,333,058
Public safety	27,707,275	28,908,909	32,637,921
Public works	11,084,442	12,235,926	14,365,217
Health and welfare	582,936	4,482,187	11,783,880
Economic development	2,081,041	2,289,992	2,662,668
Culture & recreation	5,134,626	4,387,803	5,036,165
Interest on long-term debt	1,413,236	1,564,971	1,772,771
Total governmental activities expense	<u>63,006,011</u>	<u>69,137,634</u>	<u>86,591,680</u>
Business-type activities			
Water and sewer	23,546,942	23,445,985	22,380,910
Joseph T. Jones park	164,346	104,380	87,597
Interest on long-term debt	3,364,280	3,494,899	3,730,167
Total business-type activities expense	<u>27,075,568</u>	<u>27,045,264</u>	<u>26,198,674</u>
Total primary government expenses	<u>\$ 90,081,579</u>	<u>\$ 96,182,898</u>	<u>\$ 112,790,354</u>
Program Revenue			
Governmental activities:			
Charges for services:			
General government	\$ 4,614,756	\$ 3,703,025	\$ 3,726,883
Public safety	150,421	28,761	123,813
Public works	55,885	-	-
Health and welfare	-	-	-
Economic development	34,593	63,988	255,731
Culture & recreation	550,700	771,647	494,019
Operating grants and contributions	3,625,390	8,564,497	15,924,930
Capital grants and contributions	18,384,916	14,959,682	18,696,556
Total governmental activities program revenues	<u>27,416,661</u>	<u>28,091,600</u>	<u>39,221,932</u>
Business-type activities:			
Charges for services:			
Water and sewer	28,604,172	24,210,429	22,892,554
Joseph T. Jones park	11,647	11,647	7,817
Operating grants and contributions	-	-	-
Capital grants and contributions	29,957,733	52,615,994	24,267,954
Total business-type activities program revenues	<u>58,573,552</u>	<u>76,838,070</u>	<u>47,168,325</u>
Total primary government program revenues	<u>\$ 85,990,213</u>	<u>\$ 104,929,670</u>	<u>\$ 86,390,257</u>
Net (Expense)/Revenue			
Governmental activities	\$ (35,589,350)	\$ (41,046,034)	\$ (47,369,748)
Business-type activities	31,497,984	49,792,806	20,969,651
Total primary government net expense	<u>\$ (4,091,366)</u>	<u>\$ 8,746,772</u>	<u>\$ (26,400,097)</u>

(Continued)

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 16,816,296	\$ 8,539,671	\$ 18,702,277	\$ 13,373,080	\$ 6,226,650	\$ 6,860,506
35,181,734	30,122,550	26,943,482	26,852,781	27,833,130	27,739,871
17,911,142	27,428,901	77,057,446	15,162,787	7,839,497	17,725,458
2,607,893	810,198	2,130,531	1,599,378	1,576,615	641,419
2,468,356	2,276,098	1,067,096	1,534,449	1,463,038	1,390,045
11,753,574	9,227,708	4,067,029	5,267,209	5,097,842	4,890,495
2,355,672	1,445,005	1,459,237	1,433,310	1,996,914	1,542,641
<u>89,094,667</u>	<u>79,850,131</u>	<u>131,427,098</u>	<u>65,222,994</u>	<u>52,033,686</u>	<u>60,790,435</u>
21,052,322	13,116,774	14,744,671	17,462,970	16,473,134	16,905,947
110,805	124,458	141,971	297,028	337,477	339,255
3,424,425	2,635,721	3,063,214	2,320,322	3,279,224	3,374,757
<u>24,587,552</u>	<u>15,876,953</u>	<u>17,949,856</u>	<u>20,080,320</u>	<u>20,089,835</u>	<u>20,619,959</u>
<u>\$ 113,682,219</u>	<u>\$ 95,727,084</u>	<u>\$ 149,376,954</u>	<u>\$ 85,303,314</u>	<u>\$ 72,123,521</u>	<u>\$ 81,410,394</u>
\$ 1,770,822	\$ 2,576,853	\$ 3,239,223	\$ 2,938,104	\$ 3,588,145	\$ 2,948,605
161,265	166,858	61,861	125,732	237,099	253,935
-	-	-	-	-	4,675
46,647	10,982	52,896	55,076	-	-
392,246	50,674	41,839	35,781	1,379,602	1,180,199
41,809	336,540	469,549	474,025	578,109	565,701
856,785	4,756,775	4,147,269	3,597,605	4,681,718	3,827,898
17,270,909	28,536,146	76,682,952	6,100,975	3,370,441	3,549,266
<u>20,540,483</u>	<u>36,434,828</u>	<u>84,695,589</u>	<u>13,327,298</u>	<u>13,835,114</u>	<u>12,330,279</u>
22,196,429	20,571,100	19,320,980	19,986,265	21,169,528	17,751,755
10,139	5,714	4,618	284,090	347,423	371,866
-	-	-	(16,529)	-	136,948
255,260	806,099	513,514	2,927,791	346,832	1,493,199
<u>22,461,828</u>	<u>21,382,913</u>	<u>19,839,112</u>	<u>23,181,617</u>	<u>21,863,783</u>	<u>19,753,768</u>
<u>\$ 43,002,311</u>	<u>\$ 57,817,741</u>	<u>\$ 104,534,701</u>	<u>\$ 36,508,915</u>	<u>\$ 35,698,897</u>	<u>\$ 32,084,047</u>
\$ (68,554,184)	\$ (43,415,303)	\$ (46,731,509)	\$ (51,895,696)	\$ (38,198,572)	\$ (48,460,156)
(2,125,724)	5,505,960	1,889,256	3,101,297	1,773,948	(866,191)
<u>\$ (70,679,908)</u>	<u>\$ (37,909,343)</u>	<u>\$ (44,842,253)</u>	<u>\$ (48,794,399)</u>	<u>\$ (36,424,624)</u>	<u>\$ (49,326,347)</u>

City of Gulfport
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2011	2010	2009
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	\$ 18,061,388	\$ 17,410,169	\$ 16,609,515
Property taxes, levied for special purposes	6,315,051	7,048,312	6,801,634
Sales tax	19,230,296	18,741,574	20,131,945
Franchise taxes	3,638,352	3,942,293	3,828,900
Gaming taxes	3,198,977	3,221,427	3,316,175
Licenses and permits	1,342,133	1,362,510	1,695,450
Unrestricted grants and contributions	825,581	523,802	968,885
Insurance proceeds	214,664	309,856	3,264,814
Gain (Loss) on Disposal of Capital Assets	(126,609)	(20,349,579)	(1,850,914)
Investment Earnings & Misc	141,165	3,737,998	25,322,512
Transfers	(3,882,228)	(1,765,333)	(3,439,783)
Total governmental activities	<u>48,958,770</u>	<u>34,183,029</u>	<u>76,649,133</u>
Business-type activities			
Insurance Proceeds	-	-	524,471
Gain (Loss) on Disposal of Capital Assets	(2,971)	(81,167)	(47,347)
Investment Earnings & Misc	119,166	189,350	2,863,010
Transfers	3,882,228	1,765,333	3,439,783
Total business-type activities	<u>3,998,423</u>	<u>1,873,516</u>	<u>6,779,917</u>
Total primary government	<u>\$ 52,957,193</u>	<u>\$ 36,056,545</u>	<u>\$ 83,429,050</u>
Change in Net Assets			
Governmental activities	\$ 13,369,420	\$ (6,863,005)	\$ 29,279,385
Business-type activities	<u>35,496,407</u>	<u>51,666,322</u>	<u>27,749,568</u>
Total primary government	<u>\$ 48,865,827</u>	<u>\$ 44,803,317</u>	<u>\$ 57,028,953</u>

Schedule 2 (Continued)

Fiscal Year					
2008	2007	2006	2005	2004	2003
\$ 14,120,511	\$ 12,623,050	\$ 16,144,033	\$ 13,846,552	\$ 13,920,879	\$ 13,654,704
6,046,362	6,894,400	6,439,702	5,474,016	5,457,609	5,654,383
21,834,653	24,039,616	26,980,191	18,228,317	17,518,320	17,002,238
3,634,007	3,284,355	3,254,940	2,853,831	2,934,983	2,832,711
3,524,542	2,847,942	289,678	4,591,269	4,806,833	4,477,760
2,228,349	2,803,830	2,822,085	1,974,481	-	-
1,049,367	2,937,024	3,104,638	1,423,818	-	-
11,759,304	3,514,865	2,835,835	-	-	-
-	-	-	1,408,158	-	-
5,903,789	8,059,656	2,948,584	4,221,948	1,978,321	1,136,586
(13,410,267)	(1,140,348)	(5,253,000)	(1,202,000)	-	-
<u>56,690,617</u>	<u>65,864,390</u>	<u>59,566,686</u>	<u>52,820,390</u>	<u>46,616,945</u>	<u>44,758,382</u>
-	486,747	-	-	-	-
-	-	-	(879,460)	-	-
958,907	2,469,746	15,190,779	1,158,158	171,574	195,204
<u>13,410,267</u>	<u>1,140,348</u>	<u>5,253,000</u>	<u>1,202,000</u>	<u>-</u>	<u>-</u>
<u>14,369,174</u>	<u>4,096,841</u>	<u>20,443,779</u>	<u>1,480,698</u>	<u>171,574</u>	<u>195,204</u>
<u>\$ 71,059,791</u>	<u>\$ 69,961,231</u>	<u>\$ 80,010,465</u>	<u>\$ 54,301,088</u>	<u>\$ 46,788,519</u>	<u>\$ 44,953,586</u>
\$ (11,863,567)	\$ 22,449,087	\$ 12,835,177	\$ 924,694	\$ 8,418,373	\$ (3,701,774)
<u>12,243,450</u>	<u>9,602,801</u>	<u>22,333,035</u>	<u>4,581,995</u>	<u>1,945,522</u>	<u>(670,987)</u>
<u>\$ 379,883</u>	<u>\$ 32,051,888</u>	<u>\$ 35,168,212</u>	<u>\$ 5,506,689</u>	<u>\$ 10,363,895</u>	<u>\$ (4,372,761)</u>

City of Gulfport
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2011	2010	2009	2008
General Fund				
Restricted for:				
Drug enforcement	\$ 28,499	\$ 28,499	\$ 28,499	\$ -
Senior citizens program	100,000	100,000	100,000	100,000
Assigned for:				
Subsequent year appropriations	-	-	4,775,590	8,028,176
Unassigned	5,075,411	5,183,946	627,799	4,256,005
Total general fund	<u>\$ 5,203,910</u>	<u>\$ 5,312,445</u>	<u>\$ 5,531,888</u>	<u>\$ 12,384,181</u>
All Other Governmental Funds				
Restricted for:				
Drug enforcement	\$ 1,395,365	\$ 2,030,276	\$ 3,114,542	\$ 2,886,966
Debt service	3,844,021	3,662,817	5,791,001	10,104,287
Urban development	295,984	132,398	406,792	51,505
Capital projects	2,240,691	5,643,041	14,239,250	20,313,242
Hurricane repairs	-	-	1,152,092	-
Nonspendable for prepaids	69,820	72,582	76,257	79,757
Total all other governmental funds	<u>\$ 7,845,881</u>	<u>\$ 11,541,114</u>	<u>\$ 24,779,934</u>	<u>\$ 33,435,757</u>

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100,000	100,000	100,000	100,000	100,000	100,000
15,873,704	17,737,034	5,420,268	5,084,858	1,381,770	1,768,827
13,680,477	20,304,378	11,736,367	12,547,206	11,501,804	9,762,333
<u>\$ 29,654,181</u>	<u>\$ 38,141,412</u>	<u>\$ 17,256,635</u>	<u>\$ 17,732,064</u>	<u>\$ 12,983,574</u>	<u>\$ 11,631,160</u>
\$ 2,070,426	\$ 1,601,608	\$ 243,397	\$ 206,733	\$ 224,121	\$ 132,215
4,037,526	2,528,093	2,171,371	2,680,874	2,872,165	2,206,114
286,358	876,804	1,594,964	854,780	38,452	576,372
10,446,352	4,375,266	6,027,899	6,245,671	7,531,604	5,603,189
8,842,822	1,924,800	127,120	-	-	-
-	-	-	-	-	-
<u>\$ 25,683,484</u>	<u>\$ 11,306,571</u>	<u>\$ 10,164,751</u>	<u>\$ 9,988,058</u>	<u>\$ 10,666,342</u>	<u>\$ 8,517,890</u>

City of Gulfport
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year			
	2011	2010	2009	2008
Revenues				
Taxes				
Property	\$ 24,376,439	\$ 24,458,481	\$ 23,411,149	\$ 20,166,873
Sales	19,230,296	18,741,574	20,131,945	21,834,653
Franchise	3,638,352	3,942,293	3,828,900	3,634,007
Gaming	3,197,977	3,221,427	3,316,175	3,524,542
Licenses and permits	1,342,133	1,362,510	1,695,450	2,228,349
Intergovernmental	22,835,887	24,047,981	34,908,729	19,177,061
Charges for service	1,502,856	985,498	952,901	953,699
Fines & Forfeits	2,548,171	2,202,505	2,673,324	1,888,998
Miscellaneous	75,847	459,499	1,054,812	4,406,741
Total revenues	78,747,958	79,421,768	91,973,385	77,814,923
Expenditures				
General government	7,228,142	7,279,026	8,706,354	9,284,515
Public safety	30,667,009	33,477,490	35,626,715	36,821,619
Public works	8,276,579	8,809,717	10,923,312	14,597,641
Health and welfare	678,278	4,547,682	11,817,385	2,654,150
Economic development	2,370,885	2,551,983	2,954,131	2,687,131
Culture & recreation	4,887,580	4,767,819	5,181,386	11,838,803
Capital Outlay	20,708,636	26,012,668	26,364,288	14,125,668
Debt Service				
Principal	3,748,258	3,725,430	3,572,981	3,394,376
Interest	1,055,136	1,209,078	1,391,971	1,311,173
Other	9,165	8,165	15,453	6,201
Total expenditures	79,629,668	92,389,058	106,553,976	96,721,277
Excess of revenues over (under) expenditures	(881,710)	(12,967,290)	(14,580,591)	(18,906,354)
Other Financing Sources (Uses)				
Proceeds of Debt	-	-	-	11,209,465
Payment of refunded Debt	-	-	-	-
Insurance Proceeds	214,664	309,856	3,264,815	767,530
Sale of Capital Assets	106,085	139,929	65,170	441,620
Transfers in	773,380	4,323,038	9,927,865	21,084,020
Transfers out	(4,017,187)	(5,263,796)	(14,185,375)	(24,114,008)
Total other financing sources (uses)	(2,923,058)	(490,973)	(927,525)	9,388,627
Net change in fund balance	\$ (3,804,768)	\$ (13,458,263)	\$ (15,508,116)	\$ (9,517,727)
Debt service as a percentage of noncapital expenditures	8.17%	7.45%	6.21%	5.70%

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 19,517,450	\$ 22,583,735	\$ 19,320,568	\$ 19,378,488	\$ 19,309,087	\$ 16,247,438
24,039,616	26,980,191	18,228,317	17,518,320	17,002,238	16,477,168
3,284,355	3,254,940	2,853,831	2,934,983	2,832,711	2,771,117
2,847,942	289,678	4,591,269	4,806,833	4,477,760	4,398,189
2,803,830	2,927,373	1,854,996	2,005,366	1,783,718	1,092,235
32,943,601	82,516,606	10,023,777	8,074,082	9,093,203	9,112,760
848,659	965,700	951,288	1,171,136	1,204,168	1,021,234
1,393,749	2,077,765	2,811,375	2,606,454	1,965,229	1,937,707
7,097,624	2,947,093	2,584,058	1,978,321	1,136,586	955,671
<u>94,776,826</u>	<u>144,543,081</u>	<u>63,219,479</u>	<u>60,473,983</u>	<u>58,804,700</u>	<u>54,013,519</u>
7,445,333	12,420,732	6,768,346	5,990,860	6,743,365	7,251,059
29,929,880	28,835,838	28,776,088	26,395,649	26,996,385	25,666,168
25,713,928	76,660,811	14,753,466	7,673,542	7,904,706	7,027,410
786,880	1,493,555	-	1,581,289	639,332	749,581
2,238,014	1,513,720	2,492,810	1,441,246	1,452,673	85,540
9,210,288	5,153,071	4,919,829	5,079,213	4,876,593	4,732,125
12,690,199	2,497,235	1,028,394	4,748,320	9,293,255	9,662,391
3,028,101	2,707,970	3,344,651	2,820,319	2,643,638	2,401,762
1,286,601	1,472,265	1,633,099	1,951,663	1,442,812	1,617,674
9,715	10,376	7,690	180,051	132,688	7,190
<u>92,338,939</u>	<u>132,765,573</u>	<u>63,724,373</u>	<u>57,862,152</u>	<u>62,125,447</u>	<u>59,200,900</u>
<u>2,437,887</u>	<u>11,777,508</u>	<u>(504,894)</u>	<u>2,611,831</u>	<u>(3,320,747)</u>	<u>(5,187,381)</u>
1,790,535	13,373,122	-	8,101,599	6,079,779	4,300,000
-	-	-	(6,005,168)	-	-
3,239,585	2,835,835	-	-	-	-
127,023	-	1,408,158	66,876	36,902	77,628
17,789,011	944,476	4,567,891	283,862	211,125	2,200,059
(19,494,359)	(6,197,476)	(5,769,891)	(283,862)	(211,125)	(2,200,059)
<u>3,451,795</u>	<u>10,955,957</u>	<u>206,158</u>	<u>2,163,307</u>	<u>6,116,681</u>	<u>4,377,628</u>
<u>\$ 5,889,682</u>	<u>\$ 22,733,465</u>	<u>\$ (298,736)</u>	<u>\$ 4,775,138</u>	<u>\$ 2,795,934</u>	<u>\$ (809,753)</u>
5.43%	3.22%	7.95%	9.32%	7.99%	8.13%

City of Gulfport
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Real Property (1)(2)(3)		Personal Property		Utilities		Automobiles		Total		Assessed to Actual
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	
2011	\$ 459,746	\$ 3,360,716	\$ 80,905	\$ 539,367	\$ 125,478	\$ 836,520	\$ 73,952	\$ 246,507	\$ 740,081	\$ 4,983,110	14.85%
2010	438,057	3,202,171	86,117	574,113	122,200	814,667	83,028	276,760	729,402	4,867,711	14.98%
2009	433,240	3,166,959	87,524	583,493	111,864	745,760	86,752	289,173	719,380	4,785,386	15.03%
2008	330,443	2,415,519	73,554	490,360	109,811	732,073	91,125	303,750	604,933	3,941,702	15.35%
2007	307,011	2,244,232	57,473	383,153	109,051	727,007	90,733	302,443	564,268	3,656,836	15.43%
2006	373,202	2,728,085	77,395	515,967	110,104	734,027	77,425	258,083	638,126	4,236,161	15.06%
2005	358,165	2,618,165	69,806	465,373	103,000	686,667	72,356	241,187	603,327	4,011,392	15.04%
2004	351,143	2,566,835	68,437	456,247	103,000	686,667	72,356	241,187	594,936	3,950,935	15.06%
2003	345,892	2,528,450	70,049	466,993	99,520	663,467	82,392	274,640	597,853	3,933,550	15.20%
2002	338,110	2,471,564	72,083	480,553	100,695	671,300	71,199	237,330	582,087	3,860,748	15.08%

(1) Class 1 - residential, owner occupied is assessed at 10% of true value

Class 2 - commercial is assessed at 15% of true value

Above schedule uses estimated combined assessment ratio of 13.68% for real property

(2) Fiscal Year 2001, 2005 and 2009 real property figures reflect completion of real property reappraisal by Harrison County

(3) Fiscal year 2006 reflects a decrease due to damage resulting from Hurricane Katrina

City of Gulfport
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	City of Gulfport			Harrison County			Gulfport School District			Grand Total Millage
	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	
2011	27.0	7.0	34.0	30.5	5.4	35.9	53.0	7.9	60.9	130.8
2010	25.7	8.3	34.0	31.0	4.9	35.9	50.3	7.6	57.9	127.8
2009	25.8	8.2	34.0	31.3	4.4	35.7	50.3	7.6	57.9	127.6
2008	26.0	8.0	34.0	32.9	3.4	36.3	50.3	7.6	57.9	128.2
2007	24.1	9.9	34.0	33.5	3.0	36.5	50.3	7.6	57.9	128.4
2006	27.0	7.0	34.0	33.4	3.1	36.5	50.3	7.6	57.9	128.4
2005	27.0	7.0	34.0	33.4	2.3	35.7	50.3	7.6	57.9	127.6
2004	27.0	7.0	34.0	33.5	2.2	35.7	50.3	7.6	57.9	127.6
2003	26.6	7.4	34.0	32.9	2.8	35.7	47.3	8.1	55.4	125.1
2002	22.6	7.1	29.7	32.4	3.3	35.7	45.6	9.1	54.7	120.1

Ad valorem on real property are collected in arrears for each calendar year. The tax is levied in September of the tax year on all property on the tax roll as of January 1 of the same year. Consequently, ad valorem tax is collected in the fiscal year ending in the calendar year subsequent to the calendar year for which the tax is assessed.

City of Gulfport
Principal Property Taxpayers
Current Year and Ten Years Ago
(amount expressed in thousands)

Taxpayer	2011			2001		
	Taxable Assessed	Rank	Percentage of Total Assessed Valuation	Taxable Assessed	Rank	Percentage of Total Assessed Valuation
	Value			Value		
Mississippi Power & Light	\$ 107,400	1	14.51%	\$ 86,389	1	17.30%
Gulfside Casino Partnership	19,762	2	2.67%			
Bell South	9,373	3	1.27%	24,914	2	5.00%
CrossRoads Center	5,337	4	0.72%			
Hancock Bank	4,861	5	0.66%	4,176	4	0.80%
HCA Realty	4,717	6	0.64%			
Harrison-Gulfport LLC	3,212	7	0.43%			
E.I. Dupont	2,576	8	0.35%	1,817	10	0.40%
Avondale Enterprises Inc	2,456	9	0.33%			
Gulfport Factory Shops	2,314	10	0.31%	2,120	9	0.40%
Grand Casino	-			20,465	3	4.10%
Halter Marine	-			3,895	5	0.80%
AT&T	-			3,570	6	0.70%
Wal-Mart	-			2,563	7	0.50%
Entex/Reliant Energy	-			2,304	8	0.50%
Total	\$ 162,008		21.89%	\$ 152,213		30.50%

City of Gulfport
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 45,642	\$ 42,620	93.38%	233	\$ 42,853	93.89%
2010	45,051	43,157	95.80%	193	43,350	96.22%
2009	42,882	40,952	95.50%	393	41,345	96.42%
2008	35,733	33,694	94.29%	452	34,146	95.56%
2007	35,260	30,654	86.94%	634	31,288	88.74%
2006	42,158	37,578	89.14%	658	38,236	90.70%
2005	37,875	36,560	96.53%	205	36,765	97.07%
2004	36,665	36,302	99.01%	318	36,620	99.88%
2003	34,039	33,702	99.01%	370	34,072	100.10%
2002	33,053	32,451	98.18%	466	32,917	99.59%

City of Gulfport
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government Debt	Percentage of Personal Income	Total Debt Per Capita
	General Obligation Bonds	Capital Leases	Other General Obligation Debt	General Obligation Revenue Bonds	State Revolving Loans	Other Debt			
2011	\$ 21,005	\$ 326	\$ 23,538	\$ 52,735	\$ 29,407	\$ 3,338	\$ 130,349	13.78%	\$ 1.92
2010	23,535	961	19,122	55,875	31,533	3,368	134,394	15.19%	1.90
2009	26,070	1,572	19,701	59,625	33,611	3,397	143,976	14.06%	2.04
2008	28,480	2,159	20,277	52,950	35,640	3,427	142,933	13.28%	2.03
2007	20,710	2,725	20,875	55,610	34,551	3,456	137,927	12.38%	2.00
2006	22,835	-	21,503	58,140	27,772	2,530	132,780	12.86%	1.96
2005	24,860	120	8,693	60,195	10,237	530	104,635	18.95%	1.43
2004	26,825	490	9,243	55,715	9,549	568	102,390	17.95%	1.41
2003	28,180	860	7,892	57,205	5,828	409	100,374	24.98%	1.40
2002	24,650	1,180	7,301	58,265	5,667	-	97,063	18.70%	1.34

City of Gulfport
Ratios of Net General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Estimated Population	Assessed Property Value (1)	Gross General Obligation Bonds	Less Debt Service Funds	Net GO Bonded Debt	Percentage of Assessed Taxable Value of Property	Net Bonded Debt Per Capita
2011	67.8	\$ 740,081	\$ 21,005	\$ 3,914	\$ 17,091	2.31%	\$ 252
2010	70.8	729,402	23,535	3,735	19,800	2.71%	280
2009	70.7	719,380	26,070	5,867	20,203	2.81%	286
2008	70.4	604,933	28,480	10,184	18,296	3.02%	260
2007	68.9	564,268	20,710	7,926	12,784	2.27%	186
2006	67.6	638,126	22,835	3,525	19,310	3.03%	286
2005	73.3	603,327	24,860	2,171	22,689	3.76%	310
2004	72.7	594,936	26,825	2,681	24,144	4.06%	332
2003	71.7	597,853	28,180	2,872	25,308	4.23%	353
2002	72.6	582,087	24,722	2,206	22,516	3.87%	310

(1) Schedule 5 "Assessed and Actual Value of Property"

City of Gulfport
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2011
(amounts expressed in thousands)

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Amount Applicable to Government	Percentage Applicable to Government
Direct:			
City of Gulfport (1)	\$ 21,005	\$ 21,005	100.00%
Overlapping:			
Harrison County	163,520	55,597	34.00%
Gulfport School District (2)	9,990	9,990	100.00%
Total overlapping	<u>173,510</u>	<u>65,587</u>	
 Total all	 <u>\$ 194,515</u>	 <u>\$ 86,592</u>	

(1) Excludes School District bonds, capital leases, negotiable bank notes and amount available for repayment in the debt service fund.

(2) Includes \$1,540,000 bonds reported on City's debt schedule and paid by the School District.

SOURCE: Debt schedules for City of Gulfport, Harrison County and Gulfport School Districts.

City of Gulfport
 Legal Debt Margin Information
 Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit (15%)	\$ 111,012	\$ 109,410	\$ 107,907	\$ 90,740	\$ 84,640	\$ 95,719	\$ 90,500	\$ 89,240	\$ 89,678	\$ 87,313
Total net GO debt applicable to limit	17,091	19,800	20,203	18,296	12,784	19,310	22,689	24,144	25,308	22,516
Legal debt margin	<u>\$ 93,921</u>	<u>\$ 89,610</u>	<u>\$ 87,704</u>	<u>\$ 72,444</u>	<u>\$ 71,856</u>	<u>\$ 76,409</u>	<u>\$ 67,811</u>	<u>\$ 65,096</u>	<u>\$ 64,370</u>	<u>\$ 64,797</u>
Total net debt applicable to the limit as a percentage of the debt limit	15.40%	18.10%	18.72%	20.16%	15.10%	20.17%	25.07%	27.06%	28.22%	25.79%

**Legal Debt Margin Calculated
for Fiscal Year 2011**

Assessed Value	\$ 740,081
Debt limit (15% of assessed value)	111,012
Debt applicable to limit:	
General obligation bonds	(21,005)
Debt service funds available	<u>3,914</u>
Legal debt margin	<u>\$ 93,921</u>

City of Gulfport
Pledged Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Water and Sewer Gross Revenue	Water and Sewer (2) Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements (1)			Coverage
				Principal	Interest	Total	
2011	\$ 28,700	\$ 18,394	\$ 10,306	\$ 1,710	\$ 2,075	\$ 3,785	272.29%
2010	24,348	18,879	5,469	1,620	2,160	3,780	144.68%
2009	23,040	18,758	4,282	1,545	2,236	3,781	113.25%
2008	22,347	17,808	4,539	1,470	2,310	3,780	120.08%
2007*	21,853	9,480	12,373	1,395	2,376	3,771	328.11%
2006	19,411	11,914	7,497	975	2,429	3,404	220.24%
2005	23,124	15,961	7,163	1,510	1,877	3,387	211.49%
2004	21,261	14,208	7,053	705	2,601	3,306	213.34%
2003	17,558	15,199	2,359	649	2,340	2,989	78.92%
2002	18,309	15,344	2,965	231	1,953	2,184	135.76%

(1) Does not include GO Revenue Bonds in which the City has the option of using property or sales taxes to repay the debt.

(2) Operating expenses are exclusive of depreciation and amortization

* Operating expenses in 2007 were reduced due to the Harrison County Wastewater District refinancing its debt, resulting in no related charges to the City for that year

City of Gulfport
Demographic and Economic Statistics
Last Ten Calendar Years

Fiscal Year	Estimated Population (1)	Per Capita Personal Income (2)	School (3) Enrollment	Unemployment Rate (4)
2011	67,793	\$ 17,963	5,659	10.40%
2010	70,794	20,417	5,609	9.40%
2009	70,732	20,243	5,232	7.60%
2008	70,372	18,978	5,341	5.40%
2007	68,959	17,079	5,065	6.20%
2006	67,578	17,079	6,166	16.60%
2005	73,272	19,832	6,219	6.20% *
2004	72,670	18,381	6,018	4.10%
2003	71,695	25,074	6,202	4.00%
2002	72,639	18,155	6,281	4.20%

(1) U.S. Census Bureau GCT-T1-R population estimates

(2) US Department of Commerce, Bureau of Economic Analysis "Local Area Personal Income"

(3) Gulfport School District (Pre-K thru 12th Grade)

(4) Mississippi Employment Security Commission

* Hurricane Katrina occurred August 29, 2005

City of Gulfport
Principal Employers
Current & Prior Fiscal Years

<u>Employer</u>	<u>2011</u>		<u>2010</u>		<u>2009</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Naval CBC Base	5,800	1	5,950	1	7,000	1
Memorial Hospital	2,894	2	2,894	2	2,894	2
Harrison County Schools	1,649	3	1,795	3	1,795	3
Mississippi Power	1,253	4	1,295	4	1,299	4
Island View Casino Resort	1,188	5	1,170	6	1,042	6
Gulfport Schools	900	6	881	7	881	7
Hancock Bank	864	7	1,213	5	1,213	5
Huntington Ingalls Industries, Inc.	730	8	-	-	-	-
City of Gulfport	605	9	605	8	672	8
Wal-Mart	585	10	585	9	585	9
Trinity Yachts	-	-	500	10	500	10
Total	<u>16,468</u>		<u>16,888</u>		<u>17,881</u>	

The City did not prepare this schedule or accumulate this data prior to 2009.

Information taken from Harrison County Development Commission Listing of Major Employers.

City of Gulfport
Full-Time Equivalent City Government Employees by Function/Program
Current & Prior Fiscal Years

Function/Program	2011	2010	2009
	Full-Time Equivalent Employees	Full-Time Equivalent Employees	Full-Time Equivalent Employees
Mayor's Office	3	3	3
Council	8	9	9
Municipal Court	23.5	24	26
Legal	9	9	10
General Admin	33	33	34
Police			
Officers	185.5	189	183
Civilians	61.5	63	69
Fire			
Combat	158	150	155
Civilians	5	5	9
Public Works	33	31	45
Leisure Services	67.5	55	59
Community Development	3	4	4
Urban/Economic Development	31	30	30
Utility Billing/Water-Sewer	18	-	2
Total	639	605	638

The City did not prepare this schedule or accumulate this data prior to 2009.

City of Gulfport
 Operating Indicators by Function/Program
 Current & Prior Fiscal Years

Function/Program	2011	2010	2009
Police			
Physical arrests	12,639	11,129	12,557
Parking violations	2,421	1,341	1,180
Traffic violations	25,037	33,900	37,244
Fire			
Emergency responses	9,712	9,480	7,862
Fires extinguished	511	378	542
Inspections	1,548	1,699	4,078
Public Works			
Street resurfacing (miles)	18.45	3.00	9.89
Potholes repaired	733	1,184	619
Parks and Recreation			
Athletic field permits issued	3,409	3,446	2,834
Community center admissions	337,268	264,599	139,918
Water			
New connections	446	1,060	1,393
Water main breaks	33	24	22
Average daily consumption (gallons)	8,529,219	10,246,575	9,081,585
Wastewater			
Average daily sewage treatment (gallons)	10,078,400	12,885,000	10,470,000

The City did not prepare this schedule or accumulate this data prior to 2009.

City of Gulfport
Capital Asset Statistics by Function/Program
Current & Prior Fiscal Years

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police			
Stations	2	2	3
Patrol Units	72	79	80
Fire Stations	12	12	12
Public Works			
Streets (miles)	614.0	614.0	602.3
Street lights	9,356	8,030	9,101
Traffic signals	110	110	100
Parks and Recreations			
Acreage	600	600	600
Playgrounds	19	19	19
Ballfields	38	38	38
Tennis courts	7	7	7
Parks	31	31	31
Community centers	14	14	14
Waterfront piers	6	6	6
Boat launch ramps	14	14	14
Small craft harbor slips *	319	-	-
Water			
Water mains (miles)	409.0	401.0	365.5
Fire hydrants	3,538	2,793	3,398
Storage capacity (gallons)	5,550,000	5,550,000	5,108,000
Wastewater			
Sanitary sewer (miles)	499.00	492.00	307.84
Storm sewer (miles)	499.00	492.00	307.84
Treatment capacity (gallons)	20,235,000	21,000,000	23,500,000

The City did not prepare this schedule or accumulate this data prior to 2009.

* During 2009 the City began construction to rebuild 319 boat slips and the harbor master building that were destroyed by Hurricane Katrina. Prior to the hurricane there were 289 boat slips and a harbor master building.

City of Gulfport
Schedule of Surety Bonds
September 30, 2011

NAME AND POSITION	AMOUNT	EXPIRES
Kenneth L. Casey, Sr., Councilman, Ward 1	\$ 100,000	7/6/2013
Olivia M. Roland, Councilwoman Ward 2	100,000	10/5/2013
Ella Jean Holmes-Hines, Councilwoman Ward 3	100,000	7/6/2013
F.B. "Rusty" Walker, IV, Councilman Ward 4	100,000	7/6/2013
Richard "Ricky" Dombrowski, Councilman, Ward 5	100,000	7/6/2013
Robert "R. Lee" Flowers, II, Councilman, Ward 6	100,000	7/6/2013
Cara L. Pucheu, Councilwoman Ward 7	100,000	7/6/2013
George A. Schloegel, Mayor	100,000	7/6/2013
Constance Necaie Debenport, Purchasing Manager	75,000	10/15/2011
John R. Kelly, Chief Administrator Officer	50,000	3/17/2012
Mike E. Necaie, Director of Administrative Finance/City Clerk	50,000	12/15/2011
Alcenette M. Alexander, Clerk 1	50,000	10/10/2011
Amanda Lee Schmitt, Clerk 1	50,000	11/6/2011
Helen Eve Fasler, Records Mgr	50,000	9/8/2012
Angela Y. Pittman, Police Clerk	50,000	6/11/2012
Anita P. Petty, Planner II	50,000	8/19/2012
Anna Vu, Deputy Court Clerk	50,000	11/26/2011
Antoinette F. White, Administrative Asst. to CAO	50,000	9/8/2012
April G. Shavers, Accounting Clerk III	50,000	9/17/2012
Ashley N. Watts, Alarm Coordinator/Asst. Court Liaison	50,000	3/20/2012
Barbara L. Lazerio, Accountant	50,000	11/28/2011
Barbara Weatherford, Administrative Asst. II	50,000	3/20/2012
Belinda J. Head, Records Supervisor	50,000	4/22/2012
Belinda L. Thomas, Deputy Court Clerk	50,000	9/6/2012
Bobbie N. Brown, Clerk III	50,000	11/2/2011
Brenda S. Chapman, Planning Tech	50,000	2/28/2012
Steven Dale Fore, Community Service Tech	50,000	11/5/2011
Chandra McGill, Administrative Asst. II	50,000	3/21/2012
Colby Dylan Combs, Deputy Court Clerk	50,000	1/5/2012
Coleen Renee Oatman, Asst. Budget Analyst	50,000	6/24/2012
Danny Meadors, Property Manager	50,000	11/23/2011
Deana Norton, Administrative Asst. III	50,000	3/20/2012
Debra J. Williams, Clerk/Deputy Court Clerk	50,000	4/22/2012
Douglas M. Galloway, Jr., Collections Manager	50,000	10/30/2011
E.S. Compston, Jr., Detective	50,000	3/19/2012
Frances A. Hall, Deputy Court Clerk	50,000	2/1/2012
Gary Ponthieux, Jr., Detective	50,000	6/26/2012
Heather Johnson, Police/Records Clerk	50,000	5/1/2012
Heather McCarty, Deputy Court Clerk II	50,000	11/9/2011
James R. Dyer, Accounting Technician	50,000	8/8/2012

(Continued next page)

City of Gulfport
Schedule of Surety Bonds
September 30, 2011

NAME AND POSITION	AMOUNT	EXPIRES
Jennifer Riann Fay, Police Clerk	\$ 50,000	3/20/2012
Joanne K. Fayard, Permitting Manager	50,000	12/9/2011
Kathy E. Johnson, Clerk of Council	50,000	6/22/2012
Kenneth O. Bishop, CST	50,000	3/26/2012
Kristan Lee Anderson, Patrol Officer	50,000	10/26/2011
Leonard Joseph Papania, Police Commander	50,000	6/26/2012
Kimberly M. Isabell, Deputy Court Clerk	50,000	4/15/2012
Anita Caroline Jones, Deputy Court Clerk	50,000	4/15/2012
Mary Carolyn Collins, Finance Dept. Office Mgr.	50,000	7/25/2012
Monica A. Johnson, Police Clerk	50,000	3/21/2012
Nancy L. Huggins, Records Clerk	50,000	4/22/2012
Odell Thompson Jr., Court Administrator	50,000	3/19/2012
Onelia V. Byrd, Administrative Asst. 1 Police	50,000	3/21/2012
Pamela Ann Heiter, Deputy Court Clerk	50,000	12/15/2011
Pamela E. Winston, Asst. Grant Coordinator	50,000	9/10/2012
Patricia "Tritter" Hinson, Administrative Asst. III	50,000	6/1/2012
Patricia Gwen Wilder, Record Clerk Animal Control Officer	50,000	3/20/2012
Patrick Alan Weatherford, Police Chief	50,000	2/6/2012
Paula D. Doyle, Planning Office Planner III	50,000	10/26/2011
Cristie King, Deputy Court Clerk	50,000	4/15/2012
Richard Tell, Police Clerk	50,000	3/20/2012
Rick Fisher, Sgt. Detective	50,000	6/1/2012
Robert Roy Culpepper, Community Service Tech	50,000	6/1/2012
Sabrena C. Davis, Deputy Court Clerk	50,000	5/13/2012
Samantha Cotton-Taylor, Police Clerk	50,000	4/18/2012
Sarah Lizana, Police Grant Writer	50,000	10/1/2011
Tera L. Hall, Deputy Court Clerk	50,000	7/1/2012
Teresa J. Chapman, Personnel Specialist	50,000	2/28/2012
Terry O'Neal, Administrative Asst. II	50,000	6/1/2012
Theresa D. Northington, Clerk III	50,000	10/22/2011
Verlina C. Odom, Police Clerk	50,000	4/18/2012
Wanda L. McCormack, Deputy Court Clerk II	50,000	5/10/2012
Brenda McKay, Deputy Court Clerk	50,000	4/15/2012
Tamara Mills, Deputy Court Clerk	50,000	4/15/2012
Chandra Y. Moore, Deputy Court Clerk	50,000	4/15/2012
Quiana Perdy, Deputy Court Clerk	50,000	4/15/2012
Valeria R. Sheldon-Ray, Deputy Court Clerk	50,000	4/15/2012
Jennifer Jones Snaer, Deputy Court Clerk	50,000	4/15/2012
Sharon Spiers, Deputy Court Clerk	50,000	4/15/2012
Christal Nicole Adams, Deputy Court Clerk	50,000	4/15/2012

(Continued next page)

City of Gulfport
 Schedule of Surety Bonds
 September 30, 2011

NAME AND POSITION	AMOUNT	EXPIRES
Gloria J. Byrd, Administrative Asst. Legal	\$ 10,000	12/12/2011
Kini A. Gonsoulin, Finance Manager	10,000	9/7/2012
Nellie L. Henry, Clerk III	10,000	11/10/2011
Pamela Perryman Kennedy, Purchasing Clerk	10,000	4/1/2012
Sandra L. Hill, Benefits Administrator	10,000	7/23/2012
Shannon C. Hampton, Police Clerk	10,000	5/1/2012
Brenda Reed, Court Clerk	10,000	10/1/2011
Carey S. Bundt, Housing Program Coordinator	10,000	6/1/2012
Cecelia V. McCaffrey, Technical Service Coordinator	10,000	6/1/2012
Claudia R. Salas, Administrative Asst. III	10,000	7/1/2012
D.J. Ziegler, Harbor Master	10,000	3/4/2012
David D'Aquila, Asst. Director Leisure Service	10,000	10/11/2011
Diane P. Ragas, Administrative Asst. III	10,000	4/23/2012
Edmond G. Salloum , Director Leisure Services	10,000	5/10/2012
Geoffrey A. Hittner, Inspector/Plans Review	10,000	10/15/2011