

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30th



2014



Gulfport

M I S S I S S I P P I



CITY OF GULFPORT, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2014



PREPARED BY:

Department of Finance

CITY OF GULFPORT, MISSISSIPPI
 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 operation environment.





P.O. Box 1780
 Gulfport, MS 39502
 Phone: 228-234-8590

March 27, 2015

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

The Department of 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, 2014. 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, 2014. 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 auditor’s report on the financial statements and 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’ most recent financial statements 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 “slow-growth” continues to have a negative impact on the City’s financial condition. Sales Tax is vital to the City’s well-being with it making up 36% of the City’s General Fund Revenues and 16% of the City’s overall revenue. Sales tax has continued to slowly grow as the economy begins to recover. With such a significant portion of the City’s revenue stream being sensitive to economic conditions, Gulfport continues to implement processes and procedures that allow for 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 in a predominantly slow-growth pattern. 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 has issued building permits with a total construction value of \$31 million over the past 5 months. These projects consist of a mixture between commercial, residential, and quasi government construction. A significant portion of these construction projects should be recognized on the tax rolls prior to January 2016 and will result in an increase in annual ad valorem taxes. In addition, a Wal-mart Community Store on Pass Rd, Kangaroo Gas Station at Hwy 90 and Courthouse, Buffalo Wild Wings in Anchor Plaza, new Restaurant on 15th Street, 4 new subdivision with one subdivision having 56 lots, and the new Gulfport High School are all expected to be permitted soon.
- ✦ Island View – The Island View Casino is currently renovating the hotel tower south of Highway 90. The cost of the renovations is approximately \$60 million. The renovations will include over 200 additional hotel rooms, several restaurants, and convention space.
- ✦ Anchor Plaza – The developer for Anchor Plaza is currently constructing a multi-use development at the City’s main interstate corridor of interstate 10 and highway 49. This development will include 4 hotels with a total of 460 rooms six restaurants, large box and specialty retail, general commercial space, parking accommodations, and various green space. Additional property will also be available for future development within the project area. Two hotels are complete and operating fully while one hotel is currently under construction with another hotel soon to be developed.
- ✦ Downtown Revitalization - Downtown Gulfport recently completed one of the largest façade programs in U.S history. The \$4.4 million program remade nearly 80 building fronts in the downtown district. Another \$7.6 million is being spent on downtown infrastructure such as lighting and boulevard upgrades, new and improved sidewalks, landscaping, paving, utility enhancements and relocations, etc. This project is almost complete and the payback has been significant. Many new restaurants now operate within the downtown district and many more are slated to come. Gulfport is slowly becoming the headquarters for many corporations and nightlife has never been stronger. Centennial Depot has four leases for small businesses, only one of which is a relocation from within Gulfport. The others are expansions or new businesses.

- ✦ Centennial Plaza – The City received a 92 acre beachfront site from a donation from the Department of Veterans Affairs following Hurricane Katrina. This site contains 10 “historic” buildings dating back to 1917. These buildings are enormous in both size and architecture featuring a Spanish theme in a campus style layout. The Gulfport Redevelopment Commission has recently entered into a long term lease with le Triomphe to develop the site. Holiday Inn Resorts is expected to begin construction in Spring or Early Summer 2015.
- ✦ State Port at Gulfport – The Port at Gulfport is currently in the midst of a \$1.6 billion expansion. Once complete, this port is expected to: create 1,200+ direct jobs; generate \$10 billion in added personal incomes; and produce \$1.6 billion in direct revenue to the local economy.
- ✦ Highway 605 Corridor – The City continues to recognize significant commercial growth along the Highway 605 corridor both north and south of Interstate 10. The commercial growth consists of medical, retail, restaurants, and professional offices.
- ✦ Aquarium Project – The Gulfport Redevelopment Commission recently purchased 10 parcels of land adjacent to Highway 90 with plans to develop a World-Class Aquarium. The City, along with the Gulfport Redevelopment Commission, is currently in the selection process for the aquarium developers. Upon selection of the developer, the entire project will begin the design phase.

Financial Information

Accounting System

The Department of 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 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.

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, Harvey and Associates, PA to perform the audit for fiscal year ended September 30, 2014. 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.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gulfport, Mississippi for its comprehensive annual financial report for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

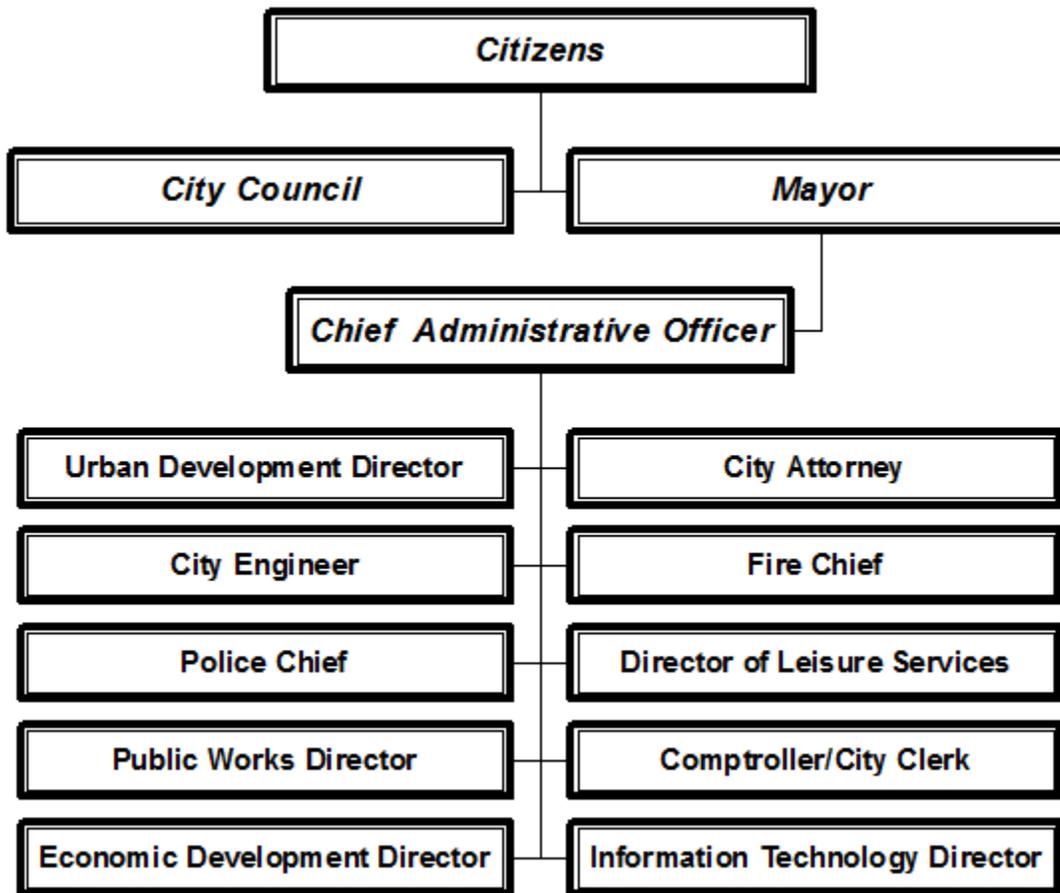
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance. I also wish to express my appreciation for the cooperation of the other City departments in providing information for this report.

Respectfully submitted,



Scott Wilson
Comptroller

CITY OF GULFPORT ORGANIZATIONAL CHART



City of Gulfport, Mississippi

Listing of City Officials

As of July, 2014

Elected Officials



Billy Hewes
Mayor



Kenneth L. Casey Sr.
Councilman, Ward 1



Ricky Dombrowski
Councilman, Ward 2



Ella Holmes-Hines
Councilwoman, Ward 3



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



Myles Sharp
Councilman, Ward 5



Robert "R.Lee" Flowers
Councilman, Ward 6

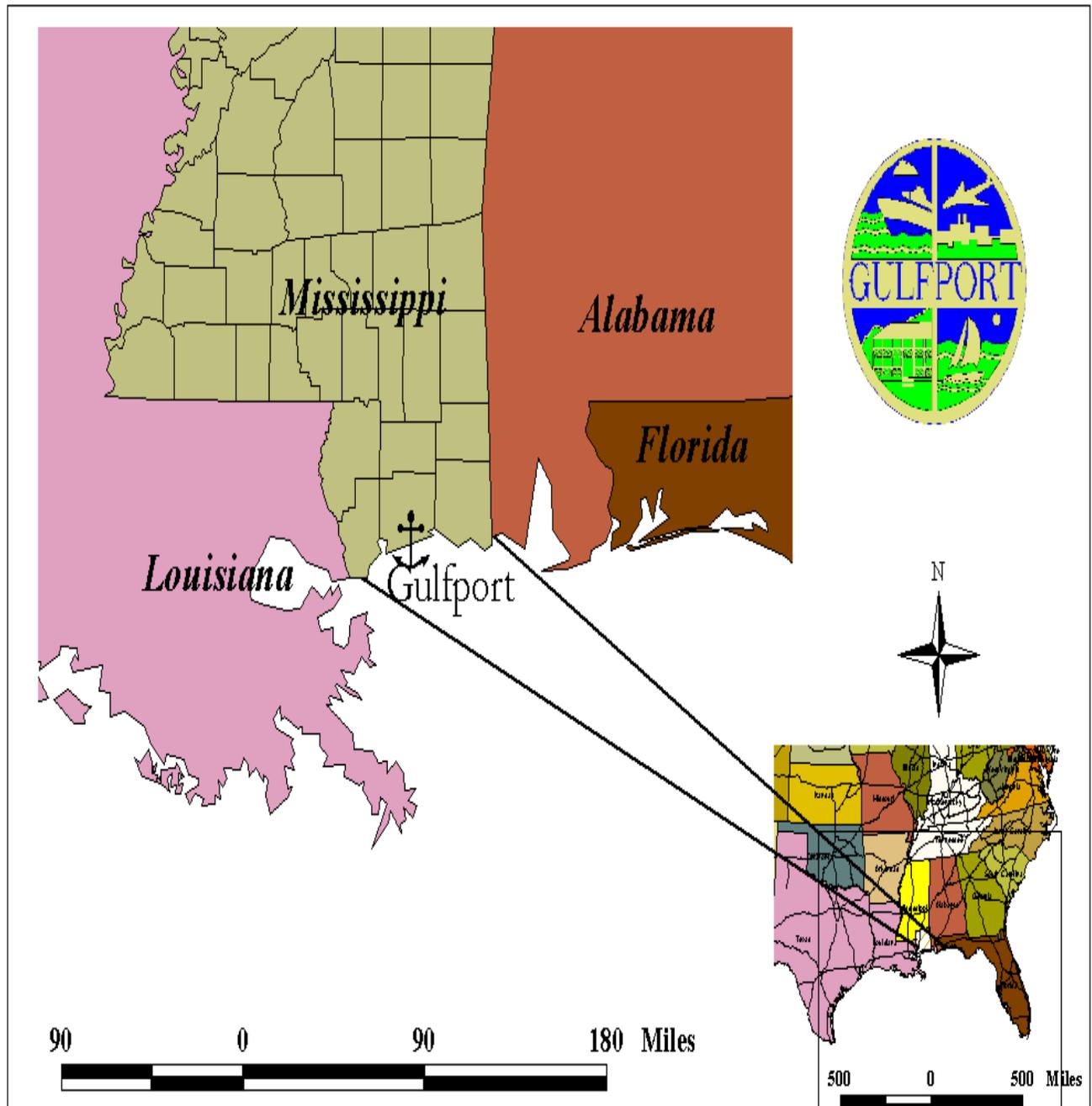


Cara Pucheu
Councilwoman, Ward 7

Appointed Officials

| | | | |
|-------------------------------|------------------|---------------------------------|--------------------|
| Chief Administrative Officer | John Kelly | General Counsel | Hugh Keating |
| Police Chief | Leonard Papania | City Attorney | Jeff Bruni |
| Leisure Services Director | David D'Aquila | Fire Chief | Michael Beyerstedt |
| Urban Development Director | Greg Pietrangelo | City Engineer | Kris Riemann |
| Comptroller/City Clerk | Scott Wilson | Public Works Director | Wayne Miller |
| Economic Development Director | David Parker | Information Technology Director | Rick Fisher |

Geographic Location of Gulfport, Mississippi





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Gulfport
Mississippi**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

Financial Section

The Financial section contains the Independent Auditor's 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 statement and schedules).



INDEPENDENT AUDITOR'S REPORT

The Members of City Council and
Mayor William G. "Billy" Hewes, III
Gulfport, Mississippi

Report on the Financial Statements

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 ("City"), as of and for the year ended September 30, 2014, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 28, budgetary comparison information on pages 79 through 83, and the analysis of funding progress on page 84 be presented to supplement the basic financial statements.

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Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

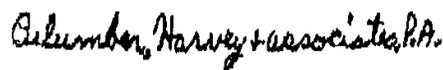
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial schedules, the budgetary comparison schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented in a separate report mentioned below in Other Reporting Required 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*, is also not a required part of the financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued in our separate report dated March 27, 2015 titled *City of Gulfport, Mississippi, Single Audit Report*, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

March 27, 2015

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, 2014. 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 City's General Fund, the main operating fund, operated in the "red" with operating expenses exceeding operating revenues by \$666,035.
- ✓ The City's General Fund's fund balance, which represents the difference between assets minus liabilities, increased during the year from \$3.5 million in 2013 to \$3.6 million in 2014. This is a positive step as this represents Gulfport's rainy day fund.
- ✓ The City's total capital assets decreased by \$3 million or 0.5%; going from \$558 million in 2013 to \$555 million in 2014. Capital assets consist of land, buildings, infrastructure, machinery & equipment, and vehicles.
- ✓ The City's overall debt outstanding decreased by \$25.2 million, going from \$119.5 million in 2013 to \$92.1 million in 2014. Much of that decrease was a result of FEMA determining that the City will not have to repay \$16.4 million of Community Disaster Loans incurred in 2006, as a result of a recalculated hardship exemption.
- ✓ The Employees' Group Health fund operated in the "red" by \$363,214 with revenues of \$6.3 million and expenses of \$6.6 million. Net position for this fund was \$1.2 million at year end. This consisted mostly of unrestricted cash. The Claims Contingency fund also operated in the "red" by \$399,542, leaving the internal service fund group with a combined \$1.9 million unrestricted net position.

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 Position (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 Position. 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 of 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 Position 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 a separate statement in this report on page 42, and are also detailed on the combining statements presented on pages 100-101.

Financial Analysis of the City as a Whole

Government-wide Statement of Net Position

| | Governmental Type Activities | | Business Type Activities | | Total Primary Government | |
|----------------------------------|------------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Assets: | | | | | | |
| Current and Other Assets | \$ 30,300,543 | \$ 29,646,926 | \$ 8,554,302 | \$ 9,330,426 | \$ 38,854,845 | \$ 38,977,352 |
| Capital Assets | 312,591,222 | 310,493,110 | 242,376,915 | 247,380,185 | 554,968,137 | 557,873,295 |
| Total Assets | 342,891,765 | 340,140,036 | 250,931,217 | 256,710,611 | 593,822,982 | 596,850,647 |
| Deferred Outflows of Resources | 693,151 | 75,822 | 2,972,983 | 2,992,629 | 3,666,134 | 3,068,451 |
| Liabilities: | | | | | | |
| Current and Other Liabilities | 10,566,777 | 8,142,850 | 10,364,045 | 9,157,156 | 20,930,822 | 17,300,006 |
| Noncurrent Liabilities | 26,856,145 | 45,875,682 | 60,129,172 | 69,685,930 | 86,985,317 | 115,561,612 |
| Total Liabilities | 37,422,922 | 54,018,532 | 70,493,217 | 78,843,086 | 107,916,139 | 132,861,618 |
| Deferred Inflows of Resources | 2,293,460 | 401,078 | 2,441,192 | - | 4,734,652 | 401,078 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 285,129,249 | 281,117,526 | 177,125,671 | 175,793,824 | 462,254,920 | 456,911,350 |
| Restricted | 13,301,974 | 16,868,111 | 952,515 | 952,420 | 14,254,489 | 17,820,531 |
| Unrestricted | 5,437,311 | (12,189,389) | 2,891,605 | 4,113,910 | 8,328,916 | (8,075,479) |
| Total Net Position | \$ 303,868,534 | \$ 285,796,248 | \$ 180,969,791 | \$ 180,860,154 | \$ 484,838,325 | \$ 466,656,402 |

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 Position

Total Primary Government

From an “overall balance sheet perspective”, the net position of the City of Gulfport as compared to the previous year increased from \$466.8 million in 2013 to \$484.8 million in 2014, while total assets decreased \$2.5 million from \$596.8 million in 2013 to \$593.8 million in 2014. Much of this decrease is a result of retirement of debt. Total liabilities decreased by \$25 million, from \$132.9 million to \$107.9 million. Net Position serves 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 and depreciation totals \$462.3 million, which represents approximately 95% of the City’s total net position.

The City’s “current assets” decreased by \$122,507 during the year, from \$39.0 million in 2013 to \$38.9 million in 2014.

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 \$2.8 million, from \$340.1 million in 2013 to \$342.9 million in 2014; while Current assets (cash, short term receivables, etc.) increased by \$653,617, from \$29.6 million to \$30.3 million. The majority of this decrease is a result of reduced federal and state grants receivable. Total governmental activities liabilities decreased \$16.6 million from \$54.0 million in 2013 to \$37.4 million in 2014, mostly due to FEMA debt forgiveness.

Business Type Activities

The City’s business type activities consist of the Water and Sewer, the Joseph T. Jones Memorial Park Funds, and the assets of the Gulfport Redevelopment Commission. Total assets decreased by \$5.8 million; from \$256.7 million in 2013 to \$250.9 million in 2014, with current assets decreasing by \$776,124, and capital assets decreasing by \$5 million, as a result of depreciation.

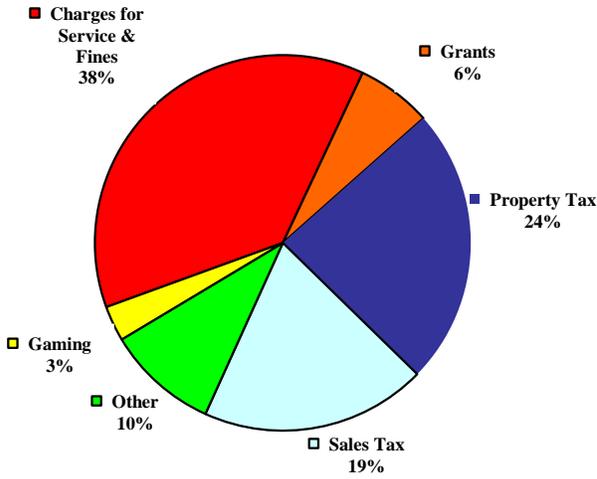
Government Wide Statement of Activities

| | Governmental Activities | | Business Type Activities | | Total Government | |
|---|-------------------------|----------------|--------------------------|----------------|------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Program Revenues: | | | | | | |
| Fees, Fines, and Charges for Service | \$ 6,449,128 | \$ 4,799,230 | \$ 31,662,103 | \$ 31,395,886 | \$ 38,111,231 | \$ 36,195,116 |
| Operating Grants and Contributions | 3,157,775 | 5,017,529 | - | - | 3,157,775 | 5,017,529 |
| Capital Grants and Contributions | 3,094,349 | 4,325,695 | 309,001 | 1,064,897 | 3,403,350 | 5,390,592 |
| General Revenues: | | | | | | |
| Property Taxes | 24,240,264 | 24,118,018 | - | - | 24,240,264 | 24,118,018 |
| Sales Taxes | 19,739,832 | 19,576,183 | - | - | 19,739,832 | 19,576,183 |
| Gaming | 3,092,973 | 3,282,363 | - | - | 3,092,973 | 3,282,363 |
| Other | 9,698,551 | 9,129,103 | 46,077 | 38,759 | 9,744,628 | 9,167,862 |
| Total Revenues | 69,472,872 | 70,248,121 | 32,017,181 | 32,499,542 | 101,490,053 | 102,747,663 |
| Program Expenses | | | | | | |
| General Government | 17,447,206 | 15,236,847 | - | - | 17,447,206 | 15,236,847 |
| Public Safety | 28,485,153 | 26,479,794 | - | - | 28,485,153 | 26,479,794 |
| Public Works | 12,878,389 | 12,657,384 | - | - | 12,878,389 | 12,657,384 |
| Economic Development | 1,927,464 | 2,036,416 | 87,250 | 87,250 | 2,014,714 | 2,123,666 |
| Culture and Recreation | 6,824,808 | 5,212,892 | - | - | 6,824,808 | 5,212,892 |
| Health and Welfare | 1,051,675 | 2,530,289 | - | - | 1,051,675 | 2,530,289 |
| Interest on Long Term Debt | 1,001,747 | 1,493,792 | - | - | 1,001,747 | 1,493,792 |
| Water and Sewer | - | - | 31,584,772 | 29,368,049 | 31,584,772 | 23,546,942 |
| Joseph T. Jones | - | - | 1,769,575 | 1,737,744 | 1,769,575 | 1,737,744 |
| Total Expenses | 69,616,442 | 65,647,414 | 33,441,597 | 31,193,043 | 103,058,039 | 96,840,457 |
| Change in Net Position before other transactions | | | | | | |
| Special debt forgiveness | (143,570) | 4,600,707 | (1,424,416) | 1,306,499 | (1,567,986) | 5,907,206 |
| Transfers | 16,021,567 | - | 3,573,774 | - | 19,595,341 | - |
| | - | (454,869) | - | 454,869 | - | - |
| Change in Net Position | 15,877,997 | 4,145,838 | 2,149,358 | 1,761,368 | 18,027,355 | 5,907,206 |
| Net Position - beginning | 285,796,248 | 281,650,410 | 180,860,154 | 179,098,786 | 466,656,402 | 460,749,196 |
| Prior period adjustments | 2,194,289 | - | (2,039,721) | - | 154,568 | - |
| Net Position - restated | 287,990,537 | 281,650,410 | 178,820,433 | 179,098,786 | 466,810,970 | 460,749,196 |
| Net Position - ending | \$ 303,868,534 | \$ 285,796,248 | \$ 180,969,791 | \$ 180,860,154 | \$ 484,838,325 | \$ 466,656,402 |

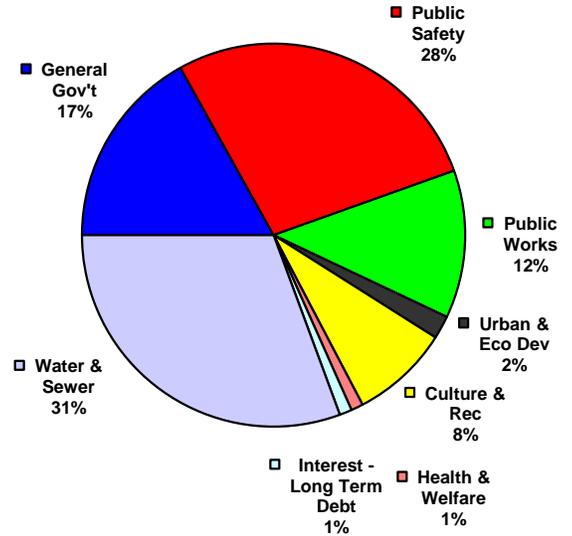
Note: The column entitled business type activities includes the City's Water and Sewer and Joseph T. Jones, and a blended component unit presentation of the Gulfport Redevelopment Commission, an agent of the City.

Analysis of Government Wide Statement of Activities

Where does the money come from?



How is the Money Used?



Revenues

The City's revenues exceeded expenses by \$18.0 million for the 2014 year. With the near completion of hurricane recovery, federal grants are returning to pre-hurricane levels.

Property Tax – Property tax accounts for \$24.2 million or 23.9% of the City's total revenues and is considered the most stable revenue source for the City. The City's property tax revenue is expected to recognize growth in the near future as a result of commercial property investments.

Sales Tax - Another significant source of revenue for the City is sales tax accounting for \$19.7 million or 19.4% of the City's total revenues. The City is beginning to recognize slow to moderate growth in Sales Taxes as compared to the prior year.

Grants – The City received a total of \$10.4 million in grants for the 2013 year as compared to \$6.6 million in 2014. 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).

Expenses

The City's total government wide expenses were \$96.8 million in 2013 as compared to \$103.1 million in 2014; representing an increase of \$6.3 million or 6.5%. This increase is mainly attributed to public safety and water and sewer enhancements.

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 | \$ 17,447,206 | \$ 13,455,217 |
| Public Safety | 28,485,153 | 26,535,492 |
| Public Works | 12,878,389 | 10,936,514 |
| Health and Welfare | 1,051,675 | (128,322) |
| Urban & Economic Development | 1,927,464 | 498,558 |
| Culture and Recreation | 6,824,808 | 4,615,984 |
| Interest on long term debt | 1,001,747 | 1,001,747 |
| Total Governmental activities | <u>\$ 69,616,442</u> | <u>\$ 56,915,190</u> |

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 70.6% of the City's total revenues and 67.6% of the City's total expenditures.

Overall, the General Fund's financial condition improved as compared to the previous year.

General Fund – Financial Summary

| | 2014 | 2013 |
|---|---------------|---------------|
| Total Revenues | \$ 53,953,879 | \$ 53,160,729 |
| Total Expenditures | 54,619,914 | 52,738,291 |
| Excess (Deficit) of Revenues over Expenses | (666,035) | 422,438 |
| Other Financing Sources (Uses) | 799,534 | 570,498 |
| Fund Balance – Beginning Year | 3,494,313 | 2,501,377 |
| Fund Balance – Ending Year | \$ 3,627,812 | \$ 3,494,313 |

- ✓ The General Fund operated in the “red” by \$666,035 for the 2014 year with revenues of \$54 million and expenditures of \$54.6 million. This is significant as cash reserves remain at extremely low levels. New initiatives must take place in upcoming annual budgets to balance ongoing expenditures to recurring revenues. Either additional revenues will have to be identified through economic growth and or tax increases or additional budget reductions will have to take place to balance ongoing city operations.
- ✓ General Fund assets increased by \$1.2 million; from \$8.5 million in 2013 to \$9.7 million in 2014.
- ✓ The General Fund’s unassigned fund balance increased from \$3.2 million to \$3.5 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 6.5% for year ending 2014 and 6.0% for year ending 2013. Based upon industry standards, it is recommended that governmental entities maintain approximately 15% in fund reserves.
- ✓ Total General Fund revenues increased by 1.5% in 2014; from \$53.2 million in 2013 to \$54 million in 2014.
- ✓ Total General Fund expenditures increased by 3.6% in 2014; from \$52.7 million in 2013 to \$54.6 million in 2014.

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, 2014 and 2013

| | 2014 | 2013 |
|------------------------|---------------|---------------|
| Operating Revenues | \$ 30,558,713 | \$ 30,401,949 |
| Operating Expenses | 28,868,007 | 26,365,919 |
| Operating income | 1,690,706 | 4,036,030 |
| Non Operating Items: | | |
| Interest Expense | (2,718,209) | (3,000,262) |
| Other | 3,817,186 | 675,567 |
| Change in Net Position | \$ 2,789,683 | \$ 1,711,335 |

The City's water and sewer fund's operating income was \$4.0 million in 2013 as compared to \$1.7 million in 2014. 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 \$156,764 while expenses increased by \$2,502,088 during 2014.

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, along with forgiveness of debt in 2014. This amount is expected to begin a downward trend as the City's rebuilding efforts from Hurricane Katrina damages come to an end.

The City issued bonds in the amount of \$30 million in FYE 2015 with \$20 million allocated to pay for Water and Sewer upgrades.

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, 2014

| | Original Budget | Revised Budget | Actual Amounts (Budget Basis) |
|---|---------------------|-----------------------|----------------------------------|
| Revenues: | | | |
| Property Taxes | \$ 17,683,000 | \$ 17,683,000 | \$ 18,436,379 |
| Sales Tax | 19,600,000 | 19,600,000 | 19,700,384 |
| Intergovernmental | 3,059,000 | 4,108,946 | 2,500,734 |
| Fines and forfeits | 1,897,000 | 1,897,000 | 1,724,779 |
| Gaming | 3,270,000 | 3,270,000 | 3,087,270 |
| Franchise Taxes | 3,800,000 | 3,800,000 | 4,250,026 |
| Charges for Services | 2,159,000 | 2,159,000 | 1,954,839 |
| Licenses and permits | 1,176,000 | 1,176,000 | 1,400,324 |
| Other | 197,000 | 206,348 | 291,858 |
| Total Revenues | <u>52,841,000</u> | <u>53,900,294</u> | <u>53,346,593</u> |
| Expenditures: | | | |
| General government | 7,901,134 | 8,933,516 | 8,065,072 |
| Police | 17,159,138 | 18,294,045 | 17,270,442 |
| Fire | 11,870,709 | 12,678,693 | 12,434,671 |
| Public works | 8,319,789 | 8,482,289 | 8,366,397 |
| Economic development | 2,058,811 | 2,051,686 | 2,237,425 |
| Culture and recreation | 5,637,498 | 5,793,698 | 5,604,041 |
| Total Expenditures | <u>52,947,079</u> | <u>56,233,927</u> | <u>53,978,048</u> |
| Excess (Deficit) of Revenues over expenditures | <u>\$ (106,079)</u> | <u>\$ (2,333,633)</u> | <u>\$ (631,455)</u> |

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 upward by \$1.1 million or 2.1%; original budget of \$52.8 million as compared to the revised budget of \$53.9 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 \$3.2 million or 6.2% for the 2014 year. Most of this increase was attributed to rollover capital outlay and grants carried over from previous 2013 year and new grants awarded to the City in the 2014 year.

Overall, the City's General Fund actual revenues for 2014 (budget basis) fell short of the revised budget by \$631,455 or 1.2% with actual revenues of \$53.3 million and budgeted revenues of \$54.0 million.

- ✓ Actual Intergovernmental Revenue which consist mainly of state and federal grants fell short of its budgeted amount by \$1.6 million.
- ✓ Franchise fee revenue exceeded budgeted amounts by \$450,026.
- ✓ Court Fine revenue fell short of budgeted amounts by \$172,221.
- ✓ Property Tax revenue exceeded budgeted amounts by \$753,379.

The City's General Fund actual expenditures fell short of its budgeted expenditures resulting in a favorable variance of \$2.3 million or 4.0% in 2014. Actual (budget basis) amounts were \$54.0 million while budget amounts were \$56.2 million. A major contributing factor for this difference is discussed below:

- ✓ Employee Vacancies – The City's payroll\employee benefits budget (General Fund) for the 2014 year was \$36.9 million while actual 2014 expenditures totaled \$36 million; leaving a budget surplus of \$900,000 for payroll\employee benefits. This amount equates to an average vacancy rate of 2.5%.

Capital Assets and Debt Administration

Capital Assets Schedule of Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Land | \$ 32,737,685 | \$ 32,675,611 | \$ 16,917,841 | \$ 16,917,841 | \$ 49,655,526 | \$ 49,593,452 |
| Construction in Progress | 22,070,058 | 38,555,637 | 3,596,474 | 3,330,309 | 25,666,532 | 41,885,946 |
| Buildings | 64,198,534 | 55,013,272 | 5,320,222 | 5,460,782 | 69,518,756 | 60,474,054 |
| Improvements | 15,134,902 | 5,592,983 | - | - | 15,134,902 | 5,592,983 |
| Infrastructure | 172,400,418 | 172,487,739 | 214,651,631 | 219,615,308 | 387,052,049 | 392,103,047 |
| Machinery & Eqpt. | 2,088,959 | 2,184,124 | 1,552,087 | 1,581,235 | 3,641,046 | 3,765,359 |
| Vehicles | 3,960,666 | 3,983,744 | 338,660 | 474,710 | 4,299,326 | 4,458,454 |
| Totals | \$ 312,591,222 | \$ 310,493,110 | \$ 242,376,915 | \$ 247,380,185 | \$ 554,968,137 | \$ 557,873,295 |

The above table represents the values (net of depreciation) of the City's various classes of assets. The ending 2014 asset values were estimated at \$555 million and included a wide range of assets: land, buildings, parks, roads, bridges, drainage systems, machinery, vehicles, and water and sewer systems. Asset values decreased by \$2.9 million or 0.6% (after depreciation) as compared to the prior year. See note 7 in the financial section of this report for more detail information on capital assets.

Depreciation expense for the 2014 year totaled \$13.5 million and was allocated to the following classes of assets:

Allocation of Depreciation by Major Asset Class

| | |
|---|---------------|
| Buildings | \$ 2,121,495 |
| Improvements other than Buildings | 954,134 |
| Machinery and Equipment | 836,343 |
| Vehicles | 951,405 |
| Infrastructure (roads, bridges, drainage, water & sewer system, etc.) | 8,667,645 |
| Total Depreciation | \$ 13,531,022 |

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:

- ✓ Construction in Progress - \$ 21.8 million completed during 2014 including \$11.4 million in Buildings

Debt Administration

Schedule of Long Term Debt

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|-----------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Bonds payable | \$ 17,320,000 | \$ 15,545,000 | \$ - | \$ - | \$ 17,320,000 | \$ 15,545,000 |
| Notes payable | 8,230,000 | 26,686,084 | - | - | 8,230,000 | 26,686,084 |
| Capital leases payable | 793,191 | 517,622 | - | - | 793,191 | 517,622 |
| Compensated Absences | 2,063,972 | 2,101,405 | 50,599 | 44,797 | 2,114,571 | 2,146,202 |
| Claims and Judgments | 30,000 | 33,000 | - | - | 30,000 | 33,000 |
| Bonds and Notes backed by Water & Sewer fund | - | - | 65,783,035 | 74,572,051 | 65,783,035 | 74,572,051 |
| Totals | \$ 28,437,163 | \$ 44,883,111 | \$ 65,833,634 | \$ 74,616,848 | \$ 94,270,797 | \$ 119,499,959 |

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 2014, the City had \$94 million in outstanding debt representing a net decrease of \$25 million as compared to the prior year, mostly as a result of FEMA debt forgiveness. See note 9 of the note section of this report for further detail relating to the City's debt.

Current Known Facts Effecting Future Financial Issues

1. Payback of 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 supposed 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 5 year deferment on this loan payback. With the 5 year deferment, the due date of this loan was deferred until January 2, 2016.

On November 18, 2013 FEMA determined through a second hardship calculation that the City did meet the requirements for loan forgiveness and will not have to repay the loan or any accrued interest.

2. Unfunded Hurricane Katrina Projects

It has been determined that many Hurricane Katrina related recovery projects which were originally thought to be wholly funded by FEMA may not meet FEMA's eligibility requirements. The total amount of unfunded projects is unknown to date. Any shortfall recognized within the Disaster Recovery Fund is ultimately to be funded by the General Fund. The funding source for the potential unfunded projects has not been identified.

3. Asset / Infrastructure deterioration

- A. The City's book value of its capital assets exceeds \$554 million with infrastructure comprising 80% of this amount. Capital assets include the following: Land, Buildings, Machinery, Equipment, Vehicles, and infrastructure, (i.e. roads, drainage systems, and water & sewer systems), etc. Relating to this, the City's annual depreciation expense exceeds \$13 million. This amount is significant as the City currently has no policy or financial plan in place regarding a perpetual asset lifecycle replacement program. Depreciation is an important but often underutilized tool in the financial planning process and should become a recurring budgeted 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.
- B. Machinery and Equipment Replacements - Both the City's Public Works Director and Leisure Services Director have expressed their needs for much needed equipment replacements. Most of the equipment in these departments has exceeded their useful lives and the maintenance cost of keeping this equipment operational is significant. The Leisure Services Department has requested \$850,000 in funding for equipment replacements while the Public Works Department has requested \$2,600,000. The City issued bonds in the amount of \$30 million in FYE 2015. \$1.5 million of the bond issue was allocated for equipment with \$1 million for Public Works and \$500,000 for Leisure Services.
- C. Perhaps the single most important challenge facing this City will be addressing "serious" water and sewer infrastructure needs. The City Engineer has identified approximately \$117 million in needed water improvements and \$49.2 million in needed sewer improvements. These improvements will begin to satisfy EPA standards set forth for which the City must adhere to. The City Engineer has developed a 12 year Water and Sewer Capital Master Plan that details the methods of funding the Water and Sewer improvement and to meet the EPA standards. The City issued bonds in the amount of \$30 million in FYE 2015, of which \$14 million was allocated for Water and Sewer infrastructure upgrades and improvements.
- D. Technology Replacements and Upgrades needed – The City's Information Systems Manager has identified \$1.7 million in technology needs. In FYE 2013, the City made a \$517,622 lease purchase loan to begin upgrades to its computer and related technology systems. Another \$415,679 was drawn on the lease purchase loan in FYE 2014.

E. General Fund – Low Cash Reserves “Rainy Day Fund”

The General Fund’s “rainy day fund” increased from \$3.4 million in 2013 to \$3.6 million in 2014. This is a relatively low amount as compared to industry standards. The Government Finance Officers’ Association recommends that a Governmental entity maintain at least 15% of its General Fund operating budget as cash reserves. For a City the size of Gulfport in terms of General Fund Budget, Gulfport’s cash reserves should be about \$8 million. Cash reserves are used to: 1) cover unforeseen emergencies such as hurricanes, tropical storms, and other natural disasters, 2) bridge short term funding gaps in the way of economic downturns, 3) and cover any other unforeseen circumstances the City may encounter throughout its normal course of providing services to its citizens. Without a doubt, re-establishing Gulfport’s rainy day fund to pre- Hurricane Katrina levels should be a top priority when formulating future annual budgets.

F. General Fund – Balancing Future Budgets

Another concern relating to the overall financial condition of the General Fund rests with being able to formulate “balanced” budgets for upcoming years. For the 2014 year, the City’s General Fund operated in the “red” by \$666,035 but managed to increase the ending fund balance to \$3.6 million through capital lease loans and sale of capital assets. The City adopted a surplus budget in FYE 2015 for the first time in over 9 years.

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 228-868-5705. The City’s web site is www.Gulfport-ms.gov.

Government-Wide Financial Statements

CITY OF GULFPORT, MISSISSIPPI
Statement of Net Position
September 30, 2014

| | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and equivalents | \$ 9,810,394 | \$ 691,608 | \$ 10,502,002 |
| Receivables: | | | |
| Taxes receivable | 3,699,938 | - | 3,699,938 |
| Customer accounts receivable | - | 3,660,910 | 3,660,910 |
| Other receivables | 179,038 | 245,954 | 424,992 |
| Internal balances | 36,884 | (36,884) | - |
| Due from other governments | 13,258,225 | - | 13,258,225 |
| Prepaid expenses | 1,031,466 | - | 1,031,466 |
| Net pension asset | 2,124,166 | - | 2,124,166 |
| Restricted assets: | | | |
| Cash and equivalents | 160,432 | 3,042,199 | 3,202,631 |
| Investments | - | 950,515 | 950,515 |
| Capital assets not being depreciated: | | | |
| Land and improvements | 32,737,685 | 16,917,841 | 49,655,526 |
| Construction in progress | 22,070,058 | 3,596,474 | 25,666,532 |
| Capital assets net of accumulated depreciation: | | | |
| Buildings | 64,198,534 | 5,320,222 | 69,518,756 |
| Improvements other than buildings | 15,134,902 | - | 15,134,902 |
| Infrastructure | 172,400,418 | 214,651,631 | 387,052,049 |
| Machinery and equipment | 2,088,959 | 1,552,087 | 3,641,046 |
| Vehicles | 3,960,666 | 338,660 | 4,299,326 |
| Total Assets | 342,891,765 | 250,931,217 | 593,822,982 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on refunding | 693,151 | 2,972,983 | 3,666,134 |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 6,241,148 | 2,128,306 | 8,369,454 |
| Due to other governments | 7,455 | - | 7,455 |
| Customer deposits (payable from restricted assets) | - | 2,023,651 | 2,023,651 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Accrued interest payable | 126,602 | 507,626 | 634,228 |
| Bonds and notes payable | 3,387,831 | 5,681,665 | 9,069,496 |
| Compensated absences | 803,741 | 22,797 | 826,538 |
| Due beyond one year: | | | |
| Liability for self insurance claims | 2,610,554 | - | 2,610,554 |
| Compensated absences | 1,260,231 | 27,802 | 1,288,033 |
| Bonds and notes payable | 22,955,360 | 60,101,370 | 83,056,730 |
| Death benefit claims | 30,000 | - | 30,000 |
| Total Liabilities | 37,422,922 | 70,493,217 | 107,916,139 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenues-assessments | 558,335 | - | 558,335 |
| Bond premiums | 1,735,125 | 2,441,192 | 4,176,317 |
| Total deferred inflows of resources | 2,293,460 | 2,441,192 | 4,734,652 |
| NET POSITION | | | |
| Net Investment in capital assets | 285,129,249 | 177,125,671 | 462,254,920 |
| Restricted for: | | | |
| Debt service | 4,720,408 | 952,515 | 5,672,923 |
| Specific grant programs | 1,121,378 | - | 1,121,378 |
| Capital improvements | 7,460,188 | - | 7,460,188 |
| Unrestricted | 5,437,311 | 2,891,605 | 8,328,916 |
| Total Net Position | \$ 303,868,534 | \$ 180,969,791 | \$ 484,838,325 |

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, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ (17,447,206) | \$ 3,991,989 | \$ - | \$ - | (13,455,217) | \$ - | \$ (13,455,217) |
| Public safety | (28,485,153) | 108,200 | 1,475,156 | 366,305 | (26,535,492) | - | (26,535,492) |
| Public works | (12,878,389) | 205,186 | 502,622 | 1,234,067 | (10,936,514) | - | (10,936,514) |
| Health and welfare | (1,051,675) | - | 1,179,997 | - | 128,322 | - | 128,322 |
| Economic development | (1,927,464) | 1,428,906 | - | - | (498,558) | - | (498,558) |
| Culture and recreation | (6,824,808) | 714,847 | - | 1,493,977 | (4,615,984) | - | (4,615,984) |
| Interest on long-term debt | (1,001,747) | - | - | - | (1,001,747) | - | (1,001,747) |
| Total governmental activities | <u>(69,616,442)</u> | <u>6,449,128</u> | <u>3,157,775</u> | <u>3,094,349</u> | <u>(56,915,190)</u> | <u>-</u> | <u>(56,915,190)</u> |
| Business-type activities: | | | | | | | |
| Water & Sewer | (31,584,772) | 30,516,277 | - | 243,412 | - | (825,083) | (825,083) |
| Joseph T. Jones Park | (1,769,575) | 1,145,826 | - | 65,589 | - | (558,160) | (558,160) |
| Gulfport Redevelopment Commission | (87,250) | - | - | - | - | (87,250) | (87,250) |
| Total business-type activities | <u>(33,441,597)</u> | <u>31,662,103</u> | <u>-</u> | <u>309,001</u> | <u>-</u> | <u>(1,470,493)</u> | <u>(1,470,493)</u> |
| Total primary government | <u>(103,058,039)</u> | <u>38,111,231</u> | <u>3,157,775</u> | <u>3,403,350</u> | <u>(56,915,190)</u> | <u>(1,470,493)</u> | <u>(58,385,683)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 18,432,805 | - | 18,432,805 |
| Property taxes, levied for special purposes | | | | | 5,807,459 | - | 5,807,459 |
| Sales taxes | | | | | 19,739,832 | - | 19,739,832 |
| Franchise taxes | | | | | 4,332,280 | - | 4,332,280 |
| Gaming taxes | | | | | 3,092,973 | - | 3,092,973 |
| Grants and contributions not restricted to specific programs | | | | | 5,292,120 | - | 5,292,120 |
| Gain/(loss) on disposal of capital assets | | | | | (30,892) | (6,498) | (37,390) |
| Investment earnings and miscellaneous | | | | | 105,043 | 52,575 | 157,618 |
| Total general revenues and transfers | | | | | <u>56,771,620</u> | <u>46,077</u> | <u>56,817,697</u> |
| Special items: | | | | | | | |
| FEMA Community disaster loan forgiveness | | | | | 16,021,567 | 3,573,774 | 19,595,341 |
| Change in net position | | | | | 15,877,997 | 2,149,358 | 18,027,355 |
| Net position - beginning | | | | | 285,796,248 | 180,860,154 | 466,656,402 |
| Prior period adjustments | | | | | 2,194,289 | (2,039,721) | 154,568 |
| Net position - beginning, restated | | | | | <u>287,990,537</u> | <u>178,820,433</u> | <u>466,810,970</u> |
| Net position - ending | | | | | <u>\$ 303,868,534</u> | <u>\$ 180,969,791</u> | <u>\$ 484,838,325</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 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, 2014

| | Major Funds | | | | | | Total Governmental Funds |
|---|---------------------|----------------------------|-------------------------------------|-----------------------------|-------------------------|------------------------------------|--------------------------------|
| | General Fund | Disaster Relief Fund | Community Development Program | Capital Projects Fund | Debt Service Fund | Non-major Governmental Funds | |
| Cash and cash equivalents | \$ 1,957,517 | \$ - | \$ 312,445 | \$ 3,302,752 | \$ 810,914 | \$ 1,439,643 | \$ 7,823,271 |
| Receivables: | | | | | | | |
| Property taxes | 138,004 | - | - | - | 36,563 | 7,455 | 182,022 |
| Sales taxes | 1,659,358 | - | - | - | - | - | 1,659,358 |
| Franchise taxes | 1,192,338 | - | - | - | - | - | 1,192,338 |
| Gaming fees | 245,989 | - | - | - | - | - | 245,989 |
| Privilege licenses | 420,231 | - | - | - | - | - | 420,231 |
| Other | 131,183 | - | - | - | - | - | 131,183 |
| Due from other funds | 3,199,031 | - | - | 4,500,000 | 4,515,976 | - | 12,215,007 |
| Cash - restricted | 160,432 | - | - | - | - | - | 160,432 |
| Due from other governments | 573,129 | 11,619,666 | 853,731 | 183,400 | - | 28,299 | 13,258,225 |
| Total assets | 9,677,212 | 11,619,666 | 1,166,176 | 7,986,152 | 5,363,453 | 1,475,397 | 37,288,056 |
| Liabilities | | | | | | | |
| Accounts payable | 1,738,374 | 41,229 | 305,121 | 1,017,410 | 641,004 | 108,868 | 3,852,006 |
| Accrued wages payable | 1,676,327 | - | 10,556 | - | - | - | 1,686,883 |
| Accrued liabilities | 173,244 | - | - | - | - | - | 173,244 |
| Retainage payable | - | - | 31,506 | 67,598 | - | - | 99,104 |
| Due to other funds | 1,500,000 | 11,578,437 | 597,645 | - | 2,041 | - | 13,678,123 |
| Due to other governments | - | - | - | - | - | 7,455 | 7,455 |
| Other liabilities | 227,037 | - | - | - | - | - | 227,037 |
| Performance bonds payable | 176,082 | - | - | - | - | - | 176,082 |
| Total liabilities | 5,491,064 | 11,619,666 | 944,828 | 1,085,008 | 643,045 | 116,323 | 19,899,934 |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenues-assessments | 558,336 | - | - | - | - | - | 558,336 |
| Fund Balance | | | | | | | |
| Restricted for: | | | | | | | |
| Drug enforcement | - | - | - | - | - | 800,030 | 800,030 |
| Senior citizen's program | 100,000 | - | - | - | - | - | 100,000 |
| Debt service | - | - | - | - | 4,720,408 | - | 4,720,408 |
| Urban development | - | - | 221,348 | - | - | - | 221,348 |
| Capital projects | - | - | - | 6,901,144 | - | 559,044 | 7,460,188 |
| Assigned subsequent year | - | - | - | - | - | - | - |
| Unassigned | 3,527,812 | - | - | - | - | - | 3,527,812 |
| Total fund balance | 3,627,812 | - | 221,348 | 6,901,144 | 4,720,408 | 1,359,074 | 16,829,786 |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 9,677,212 | \$ 11,619,666 | \$ 1,166,176 | \$ 7,986,152 | \$ 5,363,453 | \$ 1,475,397 | \$ 37,288,056 |

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 Position

| | | |
|---|--------------------|---------------------------|
| Total fund balances - governmental funds | \$ | 16,829,786 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds | | 312,591,222 |
| Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds | | 2,124,166 |
| Interest payable on long-term debt does not require current financial resources, and, therefore, is not reported in the governmental funds | | (126,602) |
| 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 governmental activities in the Statement of Net Position as follows: | | |
| Current assets | 4,766,382 | |
| Current liabilities | (226,729) | |
| Estimated claims payable | <u>(2,610,554)</u> | 1,929,099 |
| 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 Position: | | |
| Bonds payable | (17,320,000) | |
| Premium on bonds | (1,735,125) | |
| Deferred amount on refunding | 693,151 | |
| Notes payable | (8,230,000) | |
| Capital leases payable | (793,191) | |
| Death benefit claims payable | (30,000) | |
| Compensated absences | <u>(2,063,972)</u> | <u>(29,479,137)</u> |
| Total net position - governmental activities | \$ | <u><u>303,868,534</u></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 Balance
For the Fiscal Year Ended September 30, 2014

| | Major Funds | | | | | Non-Major Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------|-------------------------------------|-----------------------------|-------------------------|------------------------------------|--------------------------------|
| | General Fund | Disaster Relief Fund | Community Development Program | Capital Projects Fund | Debt Service Fund | | |
| Revenues: | | | | | | | |
| Taxes | | | | | | | |
| Property | \$ 18,432,805 | \$ - | \$ - | \$ - | \$ 4,824,836 | \$ 982,623 | \$ 24,240,264 |
| Sales | 19,739,832 | - | - | - | - | - | 19,739,832 |
| Franchise | 4,332,280 | - | - | - | - | - | 4,332,280 |
| Gaming | 3,092,973 | - | - | - | - | - | 3,092,973 |
| Licenses and permits | 1,406,737 | - | - | - | - | - | 1,406,737 |
| Intergovernmental | 3,172,335 | 457,622 | 2,673,974 | 1,234,067 | 198,667 | 751,423 | 8,488,088 |
| Charges for services | 1,954,839 | - | - | - | - | - | 1,954,839 |
| Fines and forfeits | 1,721,696 | - | - | - | - | - | 1,721,696 |
| Miscellaneous | 100,382 | - | 170 | 1,878 | 1,043 | 593 | 104,066 |
| Total revenues | <u>53,953,879</u> | <u>457,622</u> | <u>2,674,144</u> | <u>1,235,945</u> | <u>5,024,546</u> | <u>1,734,639</u> | <u>65,080,775</u> |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | 7,424,841 | - | - | - | 400,000 | - | 7,824,841 |
| Public safety | 29,475,858 | - | - | - | - | 1,885,324 | 31,361,182 |
| Public works | 8,373,026 | 310,886 | - | 1,221,594 | 430,000 | - | 10,335,506 |
| Health and welfare | - | - | 1,329,783 | - | - | - | 1,329,783 |
| Economic development | 2,249,006 | - | - | - | - | - | 2,249,006 |
| Culture and recreation | 5,628,464 | - | - | - | - | - | 5,628,464 |
| Capital outlay: | | | | | | | |
| General government | 457,475 | - | - | - | - | - | 457,475 |
| Public safety | 817,170 | - | - | - | - | 579,422 | 1,396,592 |
| Public works | 42,195 | 146,736 | - | 3,640,948 | - | 22,102 | 3,851,981 |
| Culture and recreation | - | - | 1,420,288 | - | - | - | 1,420,288 |
| Debt service: | | | | | | | |
| Principal | 140,110 | - | - | - | 3,097,962 | - | 3,238,072 |
| Interest | 11,769 | - | - | - | 753,242 | - | 765,011 |
| Other | - | - | - | - | 7,625 | - | 7,625 |
| Total expenditures | <u>54,619,914</u> | <u>457,622</u> | <u>2,750,071</u> | <u>4,862,542</u> | <u>4,688,829</u> | <u>2,486,848</u> | <u>69,865,826</u> |
| Excess (deficit) of revenues over expenditures | <u>(666,035)</u> | <u>-</u> | <u>(75,927)</u> | <u>(3,626,597)</u> | <u>335,717</u> | <u>(752,209)</u> | <u>(4,785,051)</u> |
| Other financing sources (uses) | | | | | | | |
| Issuance of TIF bonds | - | - | - | - | 480,000 | - | 480,000 |
| Capital leases | 415,679 | - | - | - | - | - | 415,679 |
| Sale of capital assets | 383,855 | - | - | - | - | 17,844 | 401,699 |
| Payment to refunded bond escrow | - | - | - | - | (16,412,456) | - | (16,412,456) |
| Sale of refunding bonds | - | - | - | - | 15,025,000 | - | 15,025,000 |
| Premium on bond issuance | - | - | - | - | 1,745,902 | - | 1,745,902 |
| Bond issue costs | - | - | - | - | (364,181) | - | (364,181) |
| Total other financing sources (uses) | <u>799,534</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>474,265</u> | <u>17,844</u> | <u>1,291,643</u> |
| Changes in fund balance | 133,499 | - | (75,927) | (3,626,597) | 809,982 | (734,365) | (3,493,408) |
| Fund balance - October 1 | 3,494,313 | - | 297,275 | 10,527,741 | 3,910,426 | 2,093,439 | 20,323,194 |
| Fund balance - September 30 | <u>\$ 3,627,812</u> | <u>\$ -</u> | <u>\$ 221,348</u> | <u>\$ 6,901,144</u> | <u>\$ 4,720,408</u> | <u>\$ 1,359,074</u> | <u>\$ 16,829,786</u> |

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, 2014

| | | Amount |
|--|--------------|-------------|
| Net change in fund balances - total governmental funds: | \$ | (3,493,408) |
| <p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p> | | |
| <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> | | |
| Donated assets | 3,056,156 | |
| Expenditures for capital assets | 7,126,336 | |
| Less: Current year depreciation | (7,651,789) | 2,530,703 |
| <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 income received is shown as income in the government wide statements.</p> | | |
| | | (432,591) |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while principal payments on long term debt consumes current financial resources of governmental funds. Neither transaction has any effect on net assets. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Below is the net effect of these differences:</p> | | |
| Capital lease proceeds | (415,679) | |
| TIF bond proceeds | (480,000) | |
| Bond refunding proceeds | (15,025,000) | |
| Premium on bond refunding | (1,745,902) | |
| Deferred amount on refunding | 697,456 | |
| FEMA CDL debt forgiveness (including \$2,648,445 accrued interest) | 16,021,567 | |
| Bonds and notes refunded | 15,715,000 | |
| Amortization of bond refunding | (4,305) | |
| Amortization of bond premium | 10,777 | |
| Death claim paid | 3,000 | |
| Bond principal payments | 1,690,000 | |
| Note principal payments | 1,548,072 | 18,014,986 |
| <p>Decrease in net pension asset reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds</p> | | |
| | | (145,945) |
| <p>Compensated absences are not reported on the Statement of Revenues, Expenditures and Changes in Fund Balance, but current year changes are reported in the Statement of Activities.</p> | | |
| | | 37,433 |
| <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> | | |
| | | 128,598 |
| <p>Internal service funds are used by management to charge the cost of certain activities such as insurance costs, to individual funds</p> | | |
| | | (761,779) |
| Change in net position of governmental activities | \$ | 15,877,997 |

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 supplemental section.

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds
Statement of Net Position

| | Business Type Activities | | | | Governmental Activities |
|---|--------------------------|---|----------------------|---|----------------------------|
| | Water and Sewer | Non-major Funds | | Total Business - Type Activities | |
| Joseph T. Jones Park | | Gulfport Redevelopment Commission | | | |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 642,683 | \$ 48,925 | \$ - | \$ 691,608 | \$ 1,987,123 |
| Receivables: | | | | | |
| Customer accounts (net of allowance for uncollectibles) | 3,656,877 | 4,033 | - | 3,660,910 | - |
| Other receivables | 245,954 | - | - | 245,954 | 47,855 |
| Due from other funds | 133,539 | - | - | 133,539 | 1,699,938 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 3,042,199 | - | - | 3,042,199 | - |
| Investments - Bond indenture | 950,515 | - | - | 950,515 | - |
| Prepaid insurance | - | - | - | - | 1,031,466 |
| Total current assets | <u>8,671,767</u> | <u>52,958</u> | <u>-</u> | <u>8,724,725</u> | <u>4,766,382</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land | 149,313 | 18,528 | 16,750,000 | 16,917,841 | - |
| Construction in progress | 3,596,474 | - | - | 3,596,474 | - |
| Buildings | - | 2,531,949 | 3,490,000 | 6,021,949 | - |
| Infrastructure | 250,942,141 | 23,629,471 | - | 274,571,612 | - |
| Machinery and equipment | 3,018,915 | 206,935 | - | 3,225,850 | - |
| Vehicles | 2,697,093 | 43,570 | - | 2,740,663 | - |
| Less accumulated depreciation | (60,974,026) | (3,287,198) | (436,250) | (64,697,474) | - |
| Total noncurrent assets | <u>199,429,910</u> | <u>23,143,255</u> | <u>19,803,750</u> | <u>242,376,915</u> | <u>-</u> |
| Total assets | <u>208,101,677</u> | <u>23,196,213</u> | <u>19,803,750</u> | <u>251,101,640</u> | <u>4,766,382</u> |
| Deferred Outflows of Resources | | | | | |
| Deferred amount on refunding | 2,972,983 | - | - | 2,972,983 | - |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 2,006,157 | 65,277 | - | 2,071,434 | 26,791 |
| Accrued wages payable | 43,388 | 13,484 | - | 56,872 | - |
| Due to other funds | 36,884 | 133,539 | - | 170,423 | 199,938 |
| Liability for self-insurance claims | - | - | - | - | 2,610,554 |
| Customer deposits payable, from restricted assets | 2,017,601 | 6,050 | - | 2,023,651 | - |
| Current portion of long-term debt: | | | | | |
| Accrued interest payable | 507,626 | - | - | 507,626 | - |
| Compensated absences payable | 16,632 | 6,165 | - | 22,797 | - |
| Notes payable | 1,731,665 | - | - | 1,731,665 | - |
| Bonds payable | 3,950,000 | - | - | 3,950,000 | - |
| Total current liabilities | <u>10,309,953</u> | <u>224,515</u> | <u>-</u> | <u>10,534,468</u> | <u>2,837,283</u> |
| Noncurrent debt: | | | | | |
| Compensated absences payable | 17,368 | 10,434 | - | 27,802 | - |
| Notes payable | 21,911,370 | - | - | 21,911,370 | - |
| Bonds payable | 38,190,000 | - | - | 38,190,000 | - |
| Total noncurrent liabilities | <u>60,118,738</u> | <u>10,434</u> | <u>-</u> | <u>60,129,172</u> | <u>-</u> |
| Total liabilities | <u>70,428,691</u> | <u>234,949</u> | <u>-</u> | <u>70,663,640</u> | <u>2,837,283</u> |
| Deferred Inflows of Resources | | | | | |
| Bond premiums | 2,441,192 | - | - | 2,441,192 | - |
| Net Position | | | | | |
| Net investment in capital assets | 134,178,666 | 23,143,255 | 19,803,750 | 177,125,671 | - |
| Restricted for revenue bond indentures | 952,515 | - | - | 952,515 | - |
| Unrestricted | 3,073,596 | (181,991) | - | 2,891,605 | 1,929,099 |
| Total net position | <u>\$ 138,204,777</u> | <u>\$ 22,961,264</u> | <u>\$ 19,803,750</u> | <u>\$ 180,969,791</u> | <u>\$ 1,929,099</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 Position
For the Fiscal Year Ended September 30, 2014

| | Business Type Activities | | | Total Business- Type Activities | Governmental |
|---|--------------------------|-------------------------|---|--|------------------------------|
| | Non-major Funds | | | | Activities |
| | Water and Sewer | Joseph T, Jones Park | Gulfport Redevelopment Commission | | Internal Service Funds |
| Operating Revenues | | | | | |
| Charges for services | \$ 30,516,277 | \$ 1,145,826 | \$ - | \$ 31,662,103 | \$ - |
| Employee contributions | - | - | - | - | 1,159,012 |
| Retiree contributions | - | - | - | - | 206,844 |
| Employer contributions | - | - | - | - | 6,926,335 |
| Insurance claim reimbursements | - | - | - | - | 704,807 |
| Miscellaneous | 42,436 | 8,220 | - | 50,656 | - |
| Total operating revenues | <u>30,558,713</u> | <u>1,154,046</u> | <u>-</u> | <u>31,712,759</u> | <u>8,996,998</u> |
| Operating Expenses | | | | | |
| Personnel services | 940,951 | 297,540 | - | 1,238,491 | - |
| Contractual services | 19,777,346 | 342,102 | - | 20,119,448 | 332,735 |
| Material and supplies | 2,933,836 | 553,824 | - | 3,487,660 | - |
| Administrative expenses | - | - | - | - | 226,751 |
| Premium payments | - | - | - | - | 2,350,813 |
| Claims paid and estimate changes | - | - | - | - | 6,849,455 |
| Depreciation | 5,215,874 | 576,109 | 87,250 | 5,879,233 | - |
| Total operating expenses | <u>28,868,007</u> | <u>1,769,575</u> | <u>87,250</u> | <u>30,724,832</u> | <u>9,759,754</u> |
| Operating income (loss) | <u>1,690,706</u> | <u>(615,529)</u> | <u>(87,250)</u> | <u>987,927</u> | <u>(762,756)</u> |
| Non-operating revenues (expenses) | | | | | |
| Interest income | 1,919 | - | - | 1,919 | 977 |
| Gain/loss on disposal | (3,363) | (3,135) | - | (6,498) | - |
| Amortization of deferred charges/credits | (111,116) | - | - | (111,116) | - |
| Interest expense | (2,605,649) | - | - | (2,605,649) | - |
| Total nonoperating revenues (net) | <u>(2,718,209)</u> | <u>(3,135)</u> | <u>-</u> | <u>(2,721,344)</u> | <u>977</u> |
| Income (loss) before contributions | (1,027,503) | (618,664) | (87,250) | (1,733,417) | (761,779) |
| Capital contributions from grants | 243,412 | 65,589 | - | 309,001 | - |
| Capital contributed from debt forgiveness | 3,573,774 | - | - | 3,573,774 | - |
| Change in net position | <u>2,789,683</u> | <u>(553,075)</u> | <u>(87,250)</u> | <u>2,149,358</u> | <u>(761,779)</u> |
| Net position - October 1 | 137,454,815 | 23,514,339 | 19,891,000 | 180,860,154 | 2,690,878 |
| Prior period adjustment - GASB 65 | <u>(2,039,721)</u> | <u>-</u> | <u>-</u> | <u>(2,039,721)</u> | <u>-</u> |
| Net position - October 1, restated | <u>135,415,094</u> | <u>23,514,339</u> | <u>19,891,000</u> | <u>178,820,433</u> | <u>2,690,878</u> |
| Net position - September 30 | <u>\$ 138,204,777</u> | <u>\$ 22,961,264</u> | <u>\$ 19,803,750</u> | <u>\$ 180,969,791</u> | <u>\$ 1,929,099</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, 2014

| | Business-type Activities | | | Governmental Activities | |
|--|--------------------------|----------------------|-----------------------------------|--------------------------------|------------------------|
| | Non-major Fund | | | Total Business-type Activities | Internal Service Funds |
| | Water and Sewer | Joseph T. Jones Park | Gulfport Redevelopment Commission | | |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 30,495,438 | \$ 1,141,793 | \$ - | \$ 31,637,231 | \$ - |
| Cash received from other operating receipts | (203,518) | 8,220 | - | (195,298) | - |
| Cash received from employees and others | - | - | - | - | 1,365,856 |
| Cash received from insurance claims | - | - | - | - | 656,952 |
| Cash received from employer contributions | - | - | - | - | 6,926,335 |
| Cash paid to suppliers | (21,831,759) | (880,305) | - | (22,712,064) | (9,638,551) |
| Cash paid to employees | (921,181) | (292,686) | - | (1,213,867) | - |
| Cash received from meter deposits, net | 143,841 | 6,050 | - | 149,891 | - |
| Net cash provided by (used in) operating activities | <u>7,682,821</u> | <u>(16,928)</u> | <u>-</u> | <u>7,665,893</u> | <u>(689,408)</u> |
| Cash flows from non-capital financing activities: | | | | | |
| Loans from (to) other funds | 138,600 | (138,600) | - | - | - |
| Net cash provided by non-operating activities | <u>138,600</u> | <u>(138,600)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition and construction of capital assets | (798,700) | (83,760) | - | (882,460) | - |
| Proceeds from capital contributions | 259,691 | 278,156 | - | 537,847 | - |
| Proceeds from debt refunding | 2,850,000 | - | - | 2,850,000 | - |
| Premium on debt refunding | 310,000 | - | - | 310,000 | - |
| Principal paid on bond and note maturities | (8,653,326) | - | - | (8,653,326) | - |
| Interest paid on bonds and notes payable | (2,665,343) | - | - | (2,665,343) | - |
| Net cash used in capital and related financing activities | <u>(8,697,678)</u> | <u>194,396</u> | <u>-</u> | <u>(8,503,282)</u> | <u>-</u> |
| Cash flows from investing activities: | | | | | |
| Interest received | 1,824 | - | - | 1,824 | 977 |
| Net increase (decrease) in cash and cash equivalents | <u>(874,433)</u> | <u>38,868</u> | <u>-</u> | <u>(835,565)</u> | <u>(688,431)</u> |
| Cash and equivalents - October 1 | 4,559,315 | 10,057 | - | 4,569,372 | 2,675,554 |
| Cash and equivalents - September 30 | <u>\$ 3,684,882</u> | <u>\$ 48,925</u> | <u>\$ -</u> | <u>\$ 3,733,807</u> | <u>\$ 1,987,123</u> |
| Classified as: | | | | | |
| Current assets | \$ 642,683 | \$ 48,925 | \$ - | \$ 691,608 | \$ 1,987,123 |
| Restricted assets | 3,042,199 | - | - | 3,042,199 | - |
| Totals | <u>\$ 3,684,882</u> | <u>\$ 48,925</u> | <u>\$ -</u> | <u>\$ 3,733,807</u> | <u>\$ 1,987,123</u> |
| Non cash investing, capital and financing activities: | | | | | |
| Forgiveness of debt | <u>\$ 3,573,774</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,573,774</u> | <u>\$ -</u> |

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

| | | | | | |
|--|---------------------|--------------------|-------------|---------------------|---------------------|
| Operating income (loss) | \$ 1,690,706 | \$ (615,529) | \$ (87,250) | \$ 987,927 | \$ (762,756) |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | | |
| Depreciation | 5,215,874 | 576,109 | 87,250 | 5,879,233 | - |
| (Increase) decrease in assets: | | | | | |
| Accounts receivable | (20,839) | (4,033) | - | (24,872) | - |
| Other receivables | (245,954) | - | - | (245,954) | (47,855) |
| Prepaid assets | - | - | - | - | 85,600 |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable | 879,423 | 15,621 | - | 895,044 | (20,312) |
| Accrued wages payable | 14,354 | 4,462 | - | 18,816 | - |
| Meter deposit liabilities | 143,841 | 6,050 | - | 149,891 | - |
| Other liabilities | - | - | - | - | 55,915 |
| Compensated absences payable | 5,416 | 392 | - | 5,808 | - |
| Net cash provided by (used in) operating activities | <u>\$ 7,682,821</u> | <u>\$ (16,928)</u> | <u>\$ -</u> | <u>\$ 7,665,893</u> | <u>\$ (689,408)</u> |

The accompanying notes are an integral part of these statements.

Fiduciary Fund Financial Statement

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

Combining schedules presented in the supplemental section

CITY OF GULFPORT, MISSISSIPPI
Fiduciary Funds
Statement of Assets and Liabilities
September 30, 2014

| | Totals |
|------------------------------|---------------|
| Assets | |
| Cash and cash equivalents | \$ 348,151 |
| Assets held for disposal | 54,350 |
| Total assets | 402,501 |
| | |
| Liabilities | |
| Payable to other governments | 21,309 |
| Payable to others | 2,381 |
| Assets held in trust | 378,811 |
| Total liabilities | \$ 402,501 |

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



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Notes to the Financial Statements

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

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, 2014

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 15 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 Position 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, 2014

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 Position. 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 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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014

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.

F. Receivables

All trade receivables are shown net of an allowance for doubtful accounts. An allowance in the amount of \$6,503,347 at September 30, 2014 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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The City had no interfund transfers this year.

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. 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 |

L. Bond Discounts, Bond Premiums, and Issuance Costs

In governmental funds, bond discounts, bond premiums, and issuance costs are treated as period costs in the year of issue and are shown as “Other Financing Sources (Uses)”.

In proprietary funds (and for governmental activities, in government-wide statements) bond discounts, and bond premiums, are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond issuance costs are expensed when incurred.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, 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. 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.

N. 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 10 discusses in more detail the fund balance classification determinations for the governmental funds.

O. 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, 2014. 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.

P. Post Employment Health Care Benefits

The City does not have any 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 100% of the insurance premiums.

Q. 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, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. New Accounting Pronouncements

In April 2012, GASB issued Statement No. 65, Elements of Financial Statements. This Statement specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4.

Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for periods beginning after December 15, 2012. The City chose to early implement this statement, which did not have a significant impact on the City's financial statements.

In April 2012, GASB issued Statement No. 66, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. This Statement amends Statement No.10 by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

This Statement also amends Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The requirements of this Statement are effective for periods beginning after December 15, 2012. Management evaluated the impact of the adoption of this statement on the City's financial statements, which did not have a significant impact on the City's financial statements.

In June 2012, the GASB issued Statement 67, Financial Reporting for Pension Plans—an amendment of GASB Statement 25. GASB 67 improves financial reporting by state and local governmental pension plans. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Management evaluated the impact of the adoption of this statement on the City's financial statements, which did not have a significant impact on the City's financial statements

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2013, the GASB issued Statement 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e. government combinations). The statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement is effective for fiscal years beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In April 2013, the GASB issued Statement 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e. nonexchange financial guarantees). This Statement is effective for fiscal years beginning after June 15, 2013. Management evaluated the impact of the adoption of this statement on the City's financial statements, which did not have a significant impact on the City's financial statements.

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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

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 control purposes and are considered to be "budgetary accounts".
11. Appropriations are encumbered as a result of purchase orders, contracts or other forms of legal commitments. All annual appropriations lapse at each fiscal year-end and outstanding encumbrances at year-end must be reappropriated in the following fiscal year's budget.

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, 2014 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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

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

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 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 \$3,092,973 was received by the City in fiscal year ended September 30, 2014.

(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 \$19,739,832 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, 2014, the carrying amount of the City’s deposits was \$14,052,784 and the bank balance was \$14,436,139. The difference represents outstanding checks and other reconciling items.

A summary of Cash and Other Deposits at September 30, 2014 is as follows:

| | Cash and Deposits Invested in Sweep Account | Non-pooled Cash and Other Deposits | Restricted Cash | Total |
|--------------------------|--|---|----------------------------|------------------|
| Governmental funds: | | | | |
| Major funds: | | | | |
| General | \$ 1,953,997 | \$ 3,520 | \$ 160,432 | \$ 2,117,949 |
| Community development | - | 312,445 | - | 312,445 |
| Capital projects | 3,302,752 | - | - | 3,302,752 |
| Debt service | 810,914 | - | - | 810,914 |
| Non-major funds | 559,844 | 879,799 | - | 1,439,643 |
| Total governmental funds | <u>6,627,507</u> | <u>1,195,764</u> | <u>160,432</u> | <u>7,983,703</u> |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

| | Cash and Deposits Invested in Sweep Account | Non-pooled Cash and Other Deposits | Restricted Cash | Total |
|---------------------------------|--|---|----------------------------|----------------------|
| Proprietary funds: | | | | |
| Business-type activities: | | | | |
| Water & sewer | 641,483 | 1,200 | 3,042,199 | 3,684,882 |
| Joseph T. Jones park | 48,525 | 400 | - | 48,925 |
| Total business-type | <u>690,008</u> | <u>1,600</u> | <u>3,042,199</u> | <u>3,733,807</u> |
| Governmental-type activities: | | | | |
| Claims contingency | - | 1,987,123 | - | 1,987,123 |
| Total proprietary funds | <u>690,008</u> | <u>1,988,723</u> | <u>3,024,199</u> | <u>5,720,930</u> |
| Fiduciary funds | - | 348,151 | - | 348,151 |
| Total cash and cash equivalents | <u>\$ 7,317,515</u> | <u>\$ 3,532,638</u> | <u>\$ 3,202,631</u> | <u>\$ 14,052,784</u> |

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a 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, 2014, none of the City's bank balance of \$14,436,139 was exposed to custodial credit risk.

(B) Investments

At September 30, 2014, 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 Hancock Horizon Government Money Market Mutual funds. A summary of the City's investments is as follows:

| | <u>Rate of Interest</u> | <u>Amount</u> |
|---|-------------------------|---------------|
| Business-Type Activities: | | |
| Hancock Horizon Government Money Market Mutual | N/A | \$ 950,515 |

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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

Securities are to be held by a third party custodian. The investment in the Hancock Horizon Government Money Market 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.

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 Statement of Net Position includes the following receivables at September 30, 2014:

| | |
|---|-------------|
| Taxes receivable: | |
| Property taxes | \$ 182,022 |
| Sales taxes | 1,659,358 |
| Franchise taxes | 1,192,338 |
| Gaming fees | 245,989 |
| Privilege licenses | 420,231 |
| Total taxes receivable | 3,699,938 |
| Customer accounts receivable: | |
| Customer utility charges (billed) | 8,467,503 |
| Customer accounts, earned but unbilled | 1,696,754 |
| Less: allowance for doubtful accounts | (6,503,347) |
| Total customer accounts receivable, net | 3,660,910 |
| Due from other governments: | |
| Federal | 12,890,815 |
| State | 183,402 |
| Local | 184,008 |
| Total due from other governments | 13,258,225 |
| Other receivables: | |
| Insurance refunds | 47,855 |
| Contractor dispute | 245,954 |
| Leases | 81,975 |
| Alarm and ABC licenses | 28,225 |
| Motor vehicle privilege tax | 20,983 |
| | \$ 424,992 |

The City funds reported *deferred inflows* 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 inflows* reported in the general fund in the amount of \$558,336 was for assessments not yet due.

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES

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 composition of interfund balances at September 30, 2014 is as follows:

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 6: INTERFUND RECEIVABLES AND PAYABLES (Continued)

| | Due From Other Funds | Due To Other Funds |
|--------------------------------------|---------------------------------|-------------------------------|
| <i>Governmental Funds</i> | | |
| General fund: | | |
| Disaster relief fund | \$ 2,578,437 | \$ - |
| Community development fund | 597,645 | - |
| Water and sewer fund | 20,908 | - |
| Debt service fund | 2,041 | - |
| Group life and health fund | - | 1,500,000 |
| Disaster relief fund: | | |
| General fund | - | 2,578,437 |
| Capital projects fund | - | 4,500,000 |
| Debt service fund | - | 4,500,000 |
| Community development fund: | | |
| General fund | - | 597,645 |
| Capital projects fund: | | |
| Disaster relief fund | 4,500,000 | - |
| Debt service fund: | | |
| Disaster relief fund | 4,500,000 | - |
| Water and sewer fund | 15,976 | - |
| General fund | - | 2,041 |
| Total Governmental funds | 12,215,007 | 13,678,123 |
| <i>Enterprise Funds</i> | | |
| Water and sewer fund: | | |
| Joseph T Jones fund | 133,539 | - |
| General fund | - | 20,908 |
| Debt service fund | - | 15,976 |
| Joseph T Jones fund: | | |
| Water and sewer fund | - | 133,539 |
| Total Enterprise funds | 133,539 | 170,423 |
| <i>Internal Service Funds</i> | | |
| Group life and health fund: | | |
| General fund | 1,500,000 | - |
| Claims contingency fund | - | 199,938 |
| Claims contingency fund: | | |
| Group life and health fund | 199,938 | - |
| Total Internal Service funds | 1,699,938 | 199,938 |
| Total All Funds | \$ 14,048,484 | \$ 14,048,484 |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 7: CAPITAL ASSETS

A. Capital asset activity for the year ended September 30, 2014 was as follows:

| | Balance October 1 | Additions | Adjustments/ Deletions | Balance Sept 30 |
|--|----------------------|---------------|---------------------------|--------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land and improvements | \$ 32,675,611 | \$ 62,074 | \$ - | \$ 32,737,685 |
| Construction in progress | 38,555,637 | 5,285,692 | (21,771,271) | 22,070,058 |
| Total capital assets not being depreciated | 71,231,248 | 5,347,766 | (21,771,271) | 54,807,743 |
| Capital assets being depreciated: | | | | |
| Buildings | 66,195,044 | 11,366,826 | (295,008) | 77,266,862 |
| Improvements | 8,648,334 | 10,496,053 | - | 19,144,387 |
| Infrastructure | 260,521,196 | 3,233,956 | - | 263,755,152 |
| Machinery & Equipment | 8,766,203 | 632,536 | (402,314) | 8,996,425 |
| Vehicles | 16,505,968 | 876,626 | (943,803) | 16,438,791 |
| Total capital assets being depreciated | 360,636,745 | 26,605,997 | (1,641,125) | 385,601,617 |
| Less accumulated depreciation: | | | | |
| Buildings | 11,181,772 | 1,980,935 | (94,379) | 13,068,328 |
| Improvements | 3,055,351 | 954,134 | - | 4,009,485 |
| Infrastructure | 88,033,457 | 3,321,277 | - | 91,354,734 |
| Machinery & Equipment | 6,582,079 | 577,734 | (252,347) | 6,907,466 |
| Vehicles | 12,522,224 | 817,709 | (861,808) | 12,478,125 |
| Total accumulated depreciation | 121,374,883 | 7,651,789 | (1,208,534) | 127,818,138 |
| Total capital assets being depreciated, net | 239,261,862 | 18,954,208 | (432,591) | 257,783,479 |
| Governmental activities capital assets, net | \$ 310,493,110 | \$ 24,301,974 | \$(22,203,862) | \$ 312,591,222 |

The depreciation expense was charged as direct expense to programs of the primary government as follows:

| | |
|--|--------------|
| Governmental activities: | |
| General government | \$ 820,336 |
| Public safety | 1,071,546 |
| Public works | 3,850,827 |
| Culture and recreation | 1,907,106 |
| Health and welfare | 115 |
| Economic development | 1,859 |
| Total depreciation expense – governmental activities | \$ 7,651,789 |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 7: CAPITAL ASSETS (Continued)

| | Balance October 1 | Additions | Adjustments/ Deletions | Balance Sept 30 |
|---|-----------------------|-----------------------|---------------------------|-----------------------|
| <i>Business-type activities:</i> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 16,917,841 | \$ - | \$ - | \$ 16,917,841 |
| Construction in progress | 3,330,309 | 266,165 | - | 3,596,474 |
| Total capital assets not being depreciated | <u>20,248,150</u> | <u>266,165</u> | <u>-</u> | <u>20,514,315</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 6,021,949 | - | - | 6,021,949 |
| Infrastructure | 274,188,922 | 382,690 | - | 274,571,612 |
| Machinery & Equipment | 2,989,509 | 233,605 | 2,736 | 3,225,850 |
| Vehicles | 2,762,488 | - | (21,825) | 2,740,663 |
| Total capital assets being depreciated | <u>285,962,868</u> | <u>616,295</u> | <u>(19,089)</u> | <u>286,560,074</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 561,167 | 140,560 | - | 701,727 |
| Infrastructure | 54,573,614 | 5,346,368 | - | 59,919,982 |
| Machinery & Equipment | 1,408,274 | 258,609 | 6,880 | 1,673,763 |
| Vehicles | 2,287,778 | 133,696 | (19,472) | 2,402,002 |
| Total accumulated depreciation | <u>58,830,833</u> | <u>5,879,233</u> | <u>(12,592)</u> | <u>64,697,474</u> |
| Total capital assets being depreciated, net | <u>227,132,035</u> | <u>(5,262,938)</u> | <u>(6,497)</u> | <u>221,862,600</u> |
| Business activities capital assets, net | <u>\$ 247,380,185</u> | <u>\$ (4,996,773)</u> | <u>\$ (6,497)</u> | <u>\$ 242,376,915</u> |

The depreciation expense was charged as direct expense to programs of the primary government as follows:

| | |
|---|---------------------|
| Business-type activities: | |
| Water and sewer | \$ 5,215,874 |
| Joseph T. Jones memorial park | 576,109 |
| Gulfport Redevelopment Commission | <u>87,250</u> |
| Total depreciation expense - business-type activities | <u>\$ 5,879,233</u> |

B. Net Investment in Capital Assets/ Net Position

| | <i>Governmental Activities</i> | <i>Business-Type Activities</i> |
|---|------------------------------------|-------------------------------------|
| Land | \$ 32,737,685 | \$ 16,917,841 |
| Construction in Progress | 22,070,058 | 3,596,474 |
| Other capital assets, net of accumulated depreciation | 257,783,479 | 221,862,600 |
| Less: related long-term debt outstanding | <u>(27,461,973)</u> | <u>(65,251,244)</u> |
| Total net investment in capital assets | <u>\$ 285,129,249</u> | <u>\$ 177,125,671</u> |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 8: CAPITAL LEASE

The City has entered into a capital lease to finance the purchase of computer equipment. The purchase was financed at a fixed, simple interest rate. Title to the assets is held in the name of the City and the bank as lien holder. The City insures the assets and accounts for the lease as financing arrangements. The City will make the following future payments of principal and interest on this lease:

| | Principal | Interest | Total |
|------|-------------------|------------------|-------------------|
| 2015 | \$ 182,831 | \$ 12,562 | \$ 195,393 |
| 2016 | 185,915 | 9,476 | 195,391 |
| 2017 | 189,053 | 6,340 | 195,393 |
| 2018 | 192,242 | 3,150 | 195,392 |
| 2019 | 43,150 | 362 | 43,512 |
| | <u>\$ 793,191</u> | <u>\$ 31,890</u> | <u>\$ 825,081</u> |

Capital Assets Acquired Thru Capital Lease:

Computer equipment \$ 933,301

Future minimum lease payments and the net present value of the lease payments are:

| <u>Year Ended September 30</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2015 | \$ 195,393 |
| 2016 | 195,391 |
| 2017 | 195,393 |
| 2018 | 195,392 |
| 2019 | 43,512 |
| Total minimum lease payments | 825,081 |
| Less: amount representing interest | (31,890) |
| Present value of minimum lease payments | <u>\$ 793,191</u> |

NOTE 9: LONG-TERM DEBT

(A) Governmental Activities

Transactions for the Year Ended September 30, 2014 are summarized as follows:

| | Payable at 10/01/13 | Additions | Reductions | Payable at 09/30/14 | Due in one year |
|--------------------------------|------------------------|----------------------|----------------------|------------------------|---------------------|
| <u>Governmental Activities</u> | | | | | |
| General obligation bonds | \$ 15,545,000 | \$ 15,505,000 | \$ 13,730,000 | \$ 17,320,000 | \$ 2,280,000 |
| Notes payable | 26,686,084 | - | 18,456,084 | 8,230,000 | 925,000 |
| Capital leases payable | 517,622 | 415,679 | 140,110 | 793,191 | 182,831 |
| Compensated absences | 2,101,405 | 850,522 | 887,955 | 2,063,972 | 803,741 |
| Claims and judgments | 33,000 | - | 3,000 | 30,000 | - |
| | <u>\$ 44,883,111</u> | <u>\$ 16,771,201</u> | <u>\$ 33,217,149</u> | <u>\$ 28,437,163</u> | <u>\$ 4,191,572</u> |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

(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 both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

On September 10, 2014, the City issued \$17,875,000 of refunding bonds with interest rates varying between 2.00 – 5.00% to advance refund \$15,025,000 of general obligation bonds and \$3,160,000 of general obligation water and sewer bonds. The net proceeds of \$19,805,777 after issuance costs and a bond premium of \$2,055,902 were used to defease the following bonds.

| | |
|-------------------------------------|----------------------|
| 2000 MDB Promissory Note | \$ 2,590,000 |
| 2001 MDB Promissory Note | 1,085,000 |
| 2003 Refunded Bonds | 2,795,000 |
| 1998 Refunded Bonds | 1,760,000 |
| 2005 Refunded Water and Sewer Bonds | 3,160,000 |
| 2007 Refunded Bonds | <u>7,485,000</u> |
| Total | <u>\$ 18,875,000</u> |

The advance refunding resulted in an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,221,626.

General obligation bonds generally are issued as 20 year 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 |
|------------------------|----------------------|---------------|------------------|-----------------------|-----------------------|
| TIF Bond | \$ 480,000 | 9/23/2014 | 4.00% | \$ 480,000 | \$ 25,000 |
| G/O public improvement | 15,025,000 | 9/10/2014 | 2.00 - 5.00% | 15,025,000 | 1,155,000 |
| G/O refunding issue | 6,160,000 | 8/5/2004 | 2.00 - 4.05% | 1,405,000 | 690,000 |
| G/O public improvement | <u>10,000,000</u> | 11/1/2007 | 3.75 - 5.30% | <u>410,000</u> | <u>410,000</u> |
| | <u>\$ 31,665,000</u> | | | <u>\$ 17,320,000</u> | <u>\$ 2,280,000</u> |

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

| Year Ended September 30 | Principal | Interest | Total |
|----------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 2,280,000 | \$ 453,085 | \$ 2,733,085 |
| 2016 | 2,110,000 | 620,691 | 2,730,691 |
| 2017 | 1,445,000 | 556,062 | 2,001,062 |
| 2018 | 1,525,000 | 482,087 | 2,007,087 |
| 2019 | 1,125,000 | 421,562 | 1,546,562 |
| 2020-2024 | 5,865,000 | 1,229,562 | 7,094,562 |
| 2025-2029 | 2,815,000 | 223,272 | 3,038,272 |
| 2030-2034 | <u>155,000</u> | <u>19,000</u> | <u>174,000</u> |
| Total | <u>\$ 17,320,000</u> | <u>\$ 4,005,321</u> | <u>\$ 21,325,321</u> |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 9: 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 |
|--|------------|---------------|--------------------|-----------------|
| Bancorp South, Mississippi Development Promissory Note, \$10,000,000 authorized. | | | | |
| Public Improvement Projects | 6/28/2012 | 4.00% | \$ 8,230,000 | \$ 925,000 |

The annual debt service requirements to maturity are as follows:

| Year Ended September 30 | Principal | Interest | Total |
|----------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 925,000 | \$ 228,100 | \$ 1,153,100 |
| 2016 | 955,000 | 209,600 | 1,164,600 |
| 2017 | 980,000 | 190,500 | 1,170,500 |
| 2018 | 1,010,000 | 161,100 | 1,171,100 |
| 2019 | 1,040,000 | 130,800 | 1,170,800 |
| 2020-2024 | 3,320,000 | 201,150 | 3,521,150 |
| Total | <u>\$ 8,230,000</u> | <u>\$ 1,121,250</u> | <u>\$ 9,351,250</u> |

In February 2013 Moody's Investors Service downgraded the City's underlying general obligation debt rating from Aa3 to A1. The downgrade to A1 reflects the city's large tax base that has experienced fluctuations in recent years, a trend of imbalance in financial operations, and a narrow financial reserve position with minimal liquidity. The A1 rating also incorporates a below average socioeconomic profile as well as a minimal debt burden.

(3) 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, 2014, a total of 30 retirees and employees remain covered under the system. Accordingly, a liability in the amount of \$30,000 has been included in the General Long-Term Debt at September 30, 2014. None of the liability for these benefits is estimated to be paid within one year.

(4) 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: \$803,741 of the accrued liability of \$2,063,972 and in the business-type activities: \$22,797 of \$50,599 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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 9: LONG-TERM DEBT (Continued)

(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, 2014 the amount of outstanding general obligation bonded debt was equal to 2.4% 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 \$738,146,947; therefore, the 15% debt limitation equals \$110,722,042. After reduction for GO Bonds outstanding of \$17,320,000, and increased by \$4,720,408 available in the debt service fund, the City's remaining margin for further debt issuance is \$98,122,450.

(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, 2014 the aggregate outstanding balance for the Hospital Revenue Refunding Bonds net of unamortized discount was \$73,693,552. 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 15, 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, 2014:

| <u>Business-type activities</u> | <u>Payable at 10/01/13</u> | <u>Additions</u> | <u>Reductions</u> | <u>Payable at 09/30/14</u> | <u>Due in one year</u> |
|---------------------------------|--------------------------------|---------------------|----------------------|--------------------------------|----------------------------|
| General Obligation Bonds | \$ 46,035,000 | \$ 2,850,000 | \$ 6,745,000 | \$ 42,140,000 | \$ 3,950,000 |
| Notes payable | 28,537,050 | - | 4,894,015 | 23,643,035 | 1,731,665 |
| Compensated absences | 44,797 | 9,747 | 3,945 | 50,599 | 22,797 |
| Total | <u>\$ 74,616,847</u> | <u>\$ 2,859,747</u> | <u>\$ 11,642,960</u> | <u>\$ 65,833,634</u> | <u>\$ 5,704,462</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, 2014 are as follows:

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 9: LONG-TERM DEBT (Continued)

| 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 % | \$ 1,385,000 | \$ 440,000 |
| General Obligation Revenue Bonds | 5,200,000 | 4/14/2005 | 4.00 - 4.25 % | 245,000 | 245,000 |
| General Obligation Refunding Bonds | 47,565,000 | 4/7/2005 | 2.63 - 4.34 % | 32,520,000 | 2,290,000 |
| General Obligation Revenue Bonds | 9,500,000 | 6/1/2009 | 3.34% | 5,140,000 | 960,000 |
| General Obligation Refunding Bonds | 2,850,000 | 9/10/2014 | 2.00 – 5.00% | 2,850,000 | 15,000 |
| | <u>\$ 68,925,000</u> | | | <u>\$ 42,140,000</u> | <u>\$ 3,950,000</u> |

Bonded debt service requirements to maturity are as follows:

| Year Ended September 30 | Principal | Interest | Total |
|----------------------------|----------------------|----------------------|----------------------|
| 2015 | \$ 3,950,000 | \$ 2,136,619 | \$ 6,086,619 |
| 2016 | 4,095,000 | 1,879,369 | 5,974,369 |
| 2017 | 4,275,000 | 1,695,017 | 5,970,017 |
| 2018 | 3,975,000 | 1,497,571 | 5,472,571 |
| 2019 | 4,165,000 | 1,301,523 | 5,466,523 |
| 2020-2024 | 18,480,000 | 3,689,863 | 22,169,863 |
| 2024-2028 | 3,200,000 | 268,425 | 3,468,425 |
| Total | <u>\$ 42,140,000</u> | <u>\$ 12,468,387</u> | <u>\$ 54,608,387</u> |

(3) 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, 2014 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 | \$ 23,379,814 | \$ 1,702,015 |
| MS Development Bank | 598,489 | various | % of prime | 263,221 | 29,650 |
| Total | <u>\$ 45,133,044</u> | | | <u>\$ 23,643,035</u> | <u>\$ 1,731,665</u> |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 9: LONG-TERM DEBT (Continued)

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

| Year Ended September 30 | Principal | Interest | Total |
|----------------------------|----------------------|---------------------|----------------------|
| 2015 | \$ 1,731,665 | \$ 153,863 | \$ 1,885,528 |
| 2016 | 1,725,136 | 140,805 | 1,865,941 |
| 2017 | 1,755,047 | 342,243 | 2,097,290 |
| 2018 | 1,785,484 | 310,882 | 2,096,366 |
| 2019 | 1,816,459 | 278,985 | 2,095,444 |
| 2020-2024 | 9,533,104 | 897,331 | 10,430,435 |
| 2025-2029 | 5,296,140 | 149,002 | 5,445,142 |
| Total | <u>\$ 23,643,035</u> | <u>\$ 2,273,111</u> | <u>\$ 25,916,146</u> |

NOTE 10: 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 - amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City has no non-spendable fund balances reported.

Restricted – amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions or enabling legislation.

Committed – 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 – 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 Council or by an official or body to which the City Council delegates authority. The City has assigned fund balances, representing funds needed to balance the 2014 general fund budget.

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.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 11: 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 12: 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.

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) | \$750,000 |
| Annual aggregate risk of loss through deductibles | \$2,991,985 |
| 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 | \$1 million/occurrence with \$3 million aggregate on Law, Employee Practice & Benefits |
| Public Officials | \$2 million/occurrence with \$4 million aggregate |
| MS Statutory Cap | \$500,000/occurrence |
| Cyber Liability | \$1 million aggregate |

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 12: RISK MANAGEMENT (continued)

| | |
|-----------------------------------|---------------------|
| <u>Property Coverage</u> | |
| Named Windstorm | 5% 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 | \$89,018,352 |
| Contents | \$5,041,775 |
| Signs | \$768,400 |

(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.

NOTE 12: RISK MANAGEMENT (Continued)

(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, 2012 to September 30, 2014:

| | Claims Contingency | Group Life and Health |
|---------------------------------------|-----------------------|--------------------------|
| Liability balance, October 1, 2012 | \$ 3,370,000 | \$ 744,323 |
| Claims and changes in estimates | 133,065 | 3,848,328 |
| Claims payments | (1,093,065) | (4,359,528) |
| Liability balance, September 30, 2013 | 2,410,000 | 233,123 |
| Claims and changes in estimates | 1,296,892 | 5,519,994 |
| Claims payments | (1,166,892) | (5,682,563) |
| Liability balance, September 30, 2014 | <u>\$ 2,540,000</u> | <u>\$ 70,554</u> |
| Assets available to pay claims at | | |
| September 30, 2014 | <u>\$ 2,227,650</u> | <u>\$ 1,280,537</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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 13: 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 grant status at September 30, 2014:

(A) Community Development Entitlement Grants

| Grant Number | Award Amount | Funds Drawn and Expended in FY 2014 | Funds Drawn and Expended in prior years | Balance of Awards |
|-----------------|---------------------|-------------------------------------|---|-------------------|
| B-11-MC-28-0002 | \$ 682,026 | \$ 9 | \$ 682,017 | \$ - |
| B-12-MC-28-0002 | 549,200 | 459,601 | 89,599 | - |
| B-13-MC-28-0002 | 512,516 | 70,933 | - | 441,583 |
| B-14-MC-28-0002 | 520,651 | - | - | 520,651 |
| | <u>\$ 2,264,393</u> | <u>\$ 530,543</u> | <u>\$ 771,616</u> | <u>\$ 962,234</u> |

(B) Home Investment Partnership Program

| Grant Number | Award Amount | Funds Drawn and Expended in FY 2014 | Funds Drawn and Expended in prior years | Balance of Awards |
|----------------|---------------------|-------------------------------------|---|---------------------|
| B-09-DC-280200 | \$ 825,293 | \$ 238,862 | \$ 523,324 | \$ 63,107 |
| B-10-DC-280200 | 820,532 | 400,279 | - | 420,253 |
| B-11-DC-280200 | 695,521 | 80,557 | - | 620,297 |
| B-12-DC-280200 | 406,576 | - | - | 406,576 |
| B-13-DC-280200 | 370,759 | - | - | 370,759 |
| B-14-DC-280200 | 436,915 | - | - | 436,915 |
| | <u>\$ 3,555,596</u> | <u>\$ 719,698</u> | <u>\$ 523,324</u> | <u>\$ 2,317,907</u> |

NOTE 14: 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) 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 \$2,540,000 accrued in the Claims Contingency Fund for pending or threatened litigation for which unfavorable outcome is considered probable. See Note 12 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, 2014

NOTE 14: OTHER COMMITMENTS AND CONTINGENCIES (continued)

(C) Contract Commitments

Construction Contracts - The following significant contracts were outstanding at September 30, 2014.

| | Contract Amount | Expended to Date | Remaining Contract |
|----------------------------------|----------------------|----------------------|-----------------------|
| Seaway Road Widening | \$ 7,185,623 | \$ 5,530,943 | \$ 1,654,680 |
| Road Improvements – Bond Issue | 9,739,999 | 5,713,290 | 4,026,709 |
| Public Safety Software | 656,247 | 500,819 | 155,428 |
| Downtown Streetscape | 7,642,750 | 7,029,640 | 613,110 |
| Municipal Complex Phase II | 513,950 | 307,302 | 206,648 |
| Ship Island Boat Terminal | 528,108 | 158,498 | 369,610 |
| Dedeaux Road Widening | 1,912,164 | 1,659,576 | 252,588 |
| Creosote Road/Three Rivers | 4,164,712 | 1,126,786 | 3,037,926 |
| 28 th Street Widening | 311,270 | 43,204 | 268,066 |
| Utility Relocation SR 601 | 6,790,730 | 3,596,474 | 3,194,256 |
| | <u>\$ 39,445,553</u> | <u>\$ 25,666,532</u> | <u>\$ 13,779,021</u> |

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

NOTE 15: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

A. 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 City has no transactions with MHG that are included in the City's financial statements. All general obligation bonds issued by the City on behalf of Memorial Hospital were paid off during prior fiscal years. See Note 9(A)(6) for additional information pertaining to conduit debt issued for Memorial Hospital.

The following is a synopsis of MHG's most recent audited financial statements as of and for the year ended September 30, 2014, 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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 15: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

STATEMENT OF NET POSITION

| | |
|----------------------------------|-----------------------|
| <u>ASSETS</u> | |
| Current assets | \$ 148,578,203 |
| Non-current cash and investments | 97,136,996 |
| Capital assets, net | 197,497,387 |
| Other assets | <u>2,094,783</u> |
| Total assets | <u>445,307,369</u> |
| <u>LIABILITIES</u> | |
| Current liabilities | 48,448,901 |
| Long-term liabilities | <u>80,174,749</u> |
| Total liabilities | <u>128,623,650</u> |
| <u>NET POSITION</u> | |
| Invested in capital assets, net | |
| of related debt | 112,206,579 |
| Restricted | 21,374,447 |
| Unrestricted | <u>183,102,693</u> |
| Total net position | <u>\$ 316,683,719</u> |

**STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION**

| | |
|-------------------------------|---------------------|
| Operating revenue | \$ 410,820,478 |
| Operating expenses | (385,247,734) |
| Depreciation and amortization | (23,800,714) |
| Nonoperating revenues, net | <u>(2,016,448)</u> |
| Change in net position | <u>\$ (244,418)</u> |

(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 most recent audited financial statements as of and for the year ended September 30, 2013, 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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 15: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

STATEMENT OF NET POSITION

| | |
|--|-----------------------|
| <u>ASSETS</u> | |
| Current assets | \$ 6,537,044 |
| Restricted assets | 29,214,085 |
| Capital assets, net | 284,207,835 |
| Other assets | <u>18,828,383</u> |
| Total assets | <u>338,787,347</u> |
| <u>LIABILITIES</u> | |
| Current liabilities | 5,983,296 |
| Current liabilities from restricted assets | 15,086,480 |
| Long-term liabilities | <u>126,776,142</u> |
| Total liabilities | <u>147,845,918</u> |
| <u>NET POSITION</u> | |
| Invested in capital assets, net of related debt | 171,307,610 |
| Restricted | 20,628,373 |
| Unrestricted | <u>(994,554)</u> |
| Total net position | <u>\$ 190,941,429</u> |

**STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION**

| | |
|-------------------------------|----------------------|
| Operating revenue | \$ 20,266,659 |
| Operating expenses | (20,145,146) |
| Depreciation and amortization | (4,077,123) |
| Nonoperating revenues, net | <u>18,391,417</u> |
| Change in net position | <u>\$ 14,435,807</u> |

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 Position: | |
| Contractual services (solid waste, wastewater debt, and wastewater treatment charges) | <u>\$ 10,977,961</u> |

B. JOINTLY GOVERNED ORGANIZATIONS

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

^CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 15: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Continued)

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.

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 \$303,692 for the year ended September 30, 2014. The amount budgeted for the City for the fiscal year ended September 30, 2015 is \$325,000. 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.

NOTE 16: 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.

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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 16: RETIREMENT PLANS (Continued)

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, 2011, 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.

B. Actuarial Asset Valuation

By statute, actuarial valuations of PERS must be performed at least once in each two-year period. Likewise, actuarial valuations of MRS is required to be performed at least once in each four-year period. Both plans presently have actuarial valuations performed annually as of June 30. 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.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 16: RETIREMENT PLANS (continued)

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

| | <u>PERS</u> | <u>MRS</u> |
|--|-----------------|-------------------|
| Contribution rates: | | |
| State | 15.75% | N/A |
| Other employers | N/A | 1.44 - 6.16 mills |
| Plan members | 9.00% | 7.00% - 10.00% |
| Annual pension costs | \$921,872 | \$19,344 |
| Employer contributions made | \$969,674 | \$20,465 |
| Actuarial valuation date | June 30, 2014 | June 30, 2014 |
| Actuarial cost method | Entry Age | Entry Age |
| Amortization method | Level | Level |
| | percent open | dollar closed |
| Remaining amortization period | 30 years | 20.0 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 | 4.5% - 20.0% | 4.50% - 6.00% |
| Increases in benefits after retirement * | 3.00% | 2.00% - 3.75% |

* 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 City's employer contribution to PERS and MRS for the last three fiscal years:

| Fiscal Years | Employer | | Percentage of Annual | |
|--------------|---------------|--------------|--------------------------|--------|
| | Contributions | | Pension Cost Contributed | |
| | PERS | MRS | PERS | MRS |
| 2012 | \$ 3,529,220 | \$ 1,275,160 | 100% | 122.8% |
| 2013 | 3,817,029 | 975,100 | 100% | 88.9% |
| 2014 | 4,064,174 | 1,023,128 | 100% | 91.1% |

E. MRS Annual Pension Cost and Net Pension Asset

During the year ended September 30, 2014, employer contributions to the MRS totaled \$1,023,128 were made in accordance with contribution requirements determined by an actuarial valuation of the system as of June 30, 2014. Although the City has an unfunded actuarial accrued liability of \$10,820,769 at June 30, 2014, the City has recorded a net pension asset of \$2,124,166 in the accompanying government wide statements in the governmental activities.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 16: RETIREMENT PLANS (continued)

The City's annual pension cost and net pension asset for the current and last two years calculated pursuant to GASB 27 is as follows:

| | 2014 | 2013 | 2012 |
|---|---------------------|---------------------|---------------------|
| Annual required pension contribution | \$ 1,123,710 | \$ 1,096,969 | \$ 1,038,404 |
| Interest on net pension asset | (181,609) | (194,516) | (178,186) |
| Adjustments to annual required contribution | <u>226,972</u> | <u>233,984</u> | <u>210,821</u> |
| Annual pension cost | 1,169,073 | 1,136,437 | 1,071,039 |
| Employer contributions made | <u>1,023,128</u> | <u>975,100</u> | <u>1,275,160</u> |
| Change in net pension asset | (145,945) | (161,337) | 204,121 |
| Net pension asset beginning of year | <u>2,270,111</u> | <u>2,431,448</u> | <u>2,227,327</u> |
| Net pension asset end of year | <u>\$ 2,124,166</u> | <u>\$ 2,270,111</u> | <u>\$ 2,431,448</u> |
| | | | |
| Percent of APC funded | 91.05% | 88.89% | 122.80% |

F. Funded Status and Funding Progress

The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The unfunded liability is being amortized over a closed 30 year period with 20 years remaining as of June 30, 2014. The unfunded actuarial accrued liability for the MRS plan was determined as follows:

| | |
|--|----------------------|
| Retirees and beneficiaries currently receiving benefits (93) | \$ 20,410,770 |
| Active members | none |
| Vested terminated members | <u>none</u> |
| Total actuarial accrued liability | \$ 20,410,770 |
| Less: Actuarial value of assets | <u>(9,590,001)</u> |
| | |
| Unfunded actuarial accrued liability | <u>\$ 10,820,769</u> |

As of June 30, 2014, the most recent actuarial valuation date, the plan was 47% funded, and experienced an estimated net change of \$(632,191) in the Actuarial Accrued Liability. 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.

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, 2014 and 2013, assets held by PERS for participants employed by the City of Gulfport, Mississippi approximated \$5,739,034 and \$5,243,705, respectively.

CITY OF GULFPORT, MISSISSIPPI
Notes to the Basic Financial Statements
For Year Ended September 30, 2014

NOTE 17: 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.

NOTE 18: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments relative to GASB 65 and 24 as reflected on the Government-Wide Statement of Activities and on the Proprietary Statement of Revenues, Expenses and Changes in Net Position are the results of the following:

| | |
|---|-----------------------|
| Governmental Activities | |
| Adjustment for MRS net pension asset | \$ 2,270,111 |
| Bond issuance costs not previously expensed | <u>(75,822)</u> |
| Net Governmental Activities | <u>\$ 2,194,289</u> |
| Business Type Activities | |
| Bond issuance costs not previously expensed | <u>\$ (2,039,721)</u> |

NOTE 19: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2015, the date on which the financial statements were available to be issued. The following were determined to be reportable subsequent events:

On December 2, 2014 Gulfport Redevelopment Commission established a \$14,000,000 line of credit for the acquisition of several pieces of real estate for future development. The City of Gulfport, Mississippi is the guarantor on this credit line.

On December 29, 2014 the City issued \$30,000,000 in special obligation bonds. \$20,000,000 will be used for water, sewer and drainage improvements. The remaining \$10,000,000 will be used to expand the Sportsplex, a City owned complex. The City anticipates an increase in water rates of approximately 5% to cover the water and sewer portion of the annual bond payment of \$1,600,000.

Required Supplemental Information

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Major Governmental Funds
For the Fiscal Years Ended September 30, 2014

| | <i>General Fund</i> | | | |
|---------------------------------|---------------------|-------------------|------------------------------------|---------------------------------------|
| | Budget | | Actual Budget Basis | Variance with Final Budget |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 17,683,000 | \$ 17,683,000 | \$ 18,436,379 | \$ 753,379 |
| Sales | 19,600,000 | 19,600,000 | 19,700,384 | 100,384 |
| Franchise | 3,800,000 | 3,800,000 | 4,250,026 | 450,026 |
| Gaming | 3,270,000 | 3,270,000 | 3,087,270 | (182,730) |
| Licenses and permits | 1,176,000 | 1,176,000 | 1,400,324 | 224,324 |
| Intergovernmental | 3,059,000 | 4,108,946 | 2,500,734 | (1,608,212) |
| Charges for services | 2,159,000 | 2,159,000 | 1,954,839 | (204,161) |
| Fines and forfeits | 1,897,000 | 1,897,000 | 1,724,779 | (172,221) |
| Miscellaneous | 197,000 | 206,348 | 291,858 | 85,510 |
| Total revenues | <u>52,841,000</u> | <u>53,900,294</u> | <u>53,346,593</u> | <u>(553,701)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Personnel services | 4,846,162 | 4,707,628 | 4,689,945 | 17,683 |
| Supplies | 186,200 | 186,748 | 151,902 | 34,846 |
| Other services | 2,650,772 | 3,217,488 | 2,605,545 | 611,943 |
| Capital outlay | 218,000 | 821,652 | 617,680 | 203,972 |
| Total | <u>7,901,134</u> | <u>8,933,516</u> | <u>8,065,072</u> | <u>868,444</u> |
| Police: | | | | |
| Personnel services | 13,920,373 | 14,485,390 | 13,826,953 | 658,437 |
| Supplies | 1,290,000 | 1,337,200 | 1,253,896 | 83,304 |
| Other services | 1,948,765 | 2,176,240 | 1,963,791 | 212,449 |
| Capital outlay | - | 295,215 | 225,802 | 69,413 |
| Total | <u>17,159,138</u> | <u>18,294,045</u> | <u>17,270,442</u> | <u>1,023,603</u> |
| Fire: | | | | |
| Personnel services | 10,763,550 | 10,896,549 | 10,864,502 | 32,047 |
| Supplies | 534,876 | 502,267 | 419,207 | 83,060 |
| Other services | 572,283 | 634,407 | 559,594 | 74,813 |
| Capital outlay | - | 645,470 | 591,368 | 54,102 |
| Total | <u>11,870,709</u> | <u>12,678,693</u> | <u>12,434,671</u> | <u>244,022</u> |
| Public works: | | | | |
| Personnel services | 1,993,729 | 1,953,729 | 1,931,074 | 22,655 |
| Supplies | 1,410,050 | 1,440,050 | 1,370,965 | 69,085 |
| Other services | 4,916,010 | 5,045,860 | 5,022,062 | 23,798 |
| Capital outlay | - | 42,650 | 42,296 | 354 |
| Total | <u>8,319,789</u> | <u>8,482,289</u> | <u>8,366,397</u> | <u>115,892</u> |
| Urban and economic development: | | | | |
| Personnel services | 1,679,505 | 1,665,500 | 1,662,569 | 2,931 |
| Supplies | 46,855 | 46,855 | 38,632 | 8,223 |
| Other services | 332,451 | 339,331 | 536,224 | (196,893) |
| Total | <u>2,058,811</u> | <u>2,051,686</u> | <u>2,237,425</u> | <u>(185,739)</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
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (continued)
General Fund
Major Governmental Funds
For the Fiscal Years Ended September 30, 2014

| | <i>General Fund</i> | | | |
|---|---------------------|---------------------|---------------------|----------------------|
| | Budget | | Actual | Variance with |
| | Original | Final | Budget | Final Budget |
| | Original | Final | Basis | Final Budget |
| Expenditures: (continued) | | | | |
| Culture and recreation | | | | |
| Personnel services | 3,255,503 | 3,195,503 | 3,066,490 | 129,013 |
| Supplies | 737,091 | 821,091 | 789,783 | 31,308 |
| Other services | 1,644,904 | 1,777,104 | 1,747,768 | 29,336 |
| Total | <u>5,637,498</u> | <u>5,793,698</u> | <u>5,604,041</u> | <u>189,657</u> |
| Total expenditures | <u>52,947,079</u> | <u>56,233,927</u> | <u>53,978,048</u> | <u>2,255,879</u> |
| Excess (deficit) of revenues over expenditures | <u>(106,079)</u> | <u>(2,333,633)</u> | <u>(631,455)</u> | <u>1,702,178</u> |
| Other financing sources (uses) | | | | |
| Proceeds of loans | - | 522,378 | 415,679 | (106,699) |
| Sale of capital assets | - | 15,918 | 383,855 | 367,937 |
| Total other financing sources (uses) | <u>-</u> | <u>538,296</u> | <u>799,534</u> | <u>261,238</u> |
| Changes in fund balance | (106,079) | (1,795,337) | 168,079 | 1,963,416 |
| Fund balance - October 1 | <u>900,000</u> | <u>3,632,269</u> | <u>3,632,269</u> | |
| Fund balance - September 30 | <u>\$ 793,921</u> | <u>\$ 1,836,932</u> | <u>\$ 3,800,348</u> | <u>\$ 1,963,416</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
Disaster Relief Special Revenue Fund
Major Governmental Funds
For the Fiscal Years Ended September 30, 2014

| | <i>Disaster Relief Fund</i> | | | |
|---|-----------------------------|---------------|--------------|-------------------------------|
| | Budget | | Actual | Variance with Final Budget |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 36,789,360 | \$ 52,018,066 | \$ 3,333,691 | \$ (48,684,375) |
| Total revenues | 36,789,360 | 52,018,066 | 3,333,691 | (48,684,375) |
| Expenditures: | | | | |
| Public works | 36,789,360 | 38,115,196 | 457,622 | 37,657,574 |
| Total expenditures | 36,789,360 | 38,115,196 | 457,622 | 37,657,574 |
| Excess (deficit) of revenues over expenditures | - | 13,902,870 | 2,876,069 | (11,026,801) |
| Fund balance - October 1 | - | - | - | |
| Fund balance - September 30 | \$ - | \$ 13,902,870 | \$ 2,876,069 | \$ (11,026,801) |

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, 2014

| | <i>Community Development Fund</i> | | | |
|-----------------------------|-----------------------------------|--------------|--------------|-------------------------------|
| | Budget | | Actual | Variance with Final Budget |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 7,127,102 | \$ 7,147,346 | \$ 2,540,412 | \$ (4,606,934) |
| Miscellaneous | - | 26,311 | 170 | (26,141) |
| Total revenues | 7,127,102 | 7,173,657 | 2,540,582 | (4,633,075) |
| Expenditures: | | | | |
| Health and welfare | 4,191,626 | 4,967,686 | 1,414,488 | 3,553,198 |
| Capital outlay | 2,418,964 | 2,503,246 | 1,423,369 | 1,079,877 |
| Total expenditures | 6,610,590 | 7,470,932 | 2,837,857 | 4,633,075 |
| Changes in fund balance | 516,512 | (297,275) | (297,275) | - |
| Fund balance - October 1 | - | 297,275 | 297,275 | |
| Fund balance - September 30 | \$ 516,512 | \$ - | \$ - | \$ - |

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, 2014

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) | \$ 53,346,593 | \$ 3,333,691 | \$ 2,540,582 |
| 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>607,286</u> | <u>(2,876,069)</u> | <u>133,562</u> |
| Total revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds | <u><u>53,953,879</u></u> | <u><u>457,622</u></u> | <u><u>2,674,144</u></u> |
| Uses of financial resources: | | | |
| Actual expenditures (budgetary basis) | 53,978,048 | 457,622 | 2,837,857 |
| 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>641,866</u> | <u>-</u> | <u>(87,786)</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds | <u><u>\$ 54,619,914</u></u> | <u><u>\$ 457,622</u></u> | <u><u>\$ 2,750,071</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) |
|---|--|--|---|-------------------------------------|---|---|
| 9/30/2005 | \$ 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 | 22,245 | 11,896 | 46.5% | 165 | 7209.7% |
| 9/30/2011 | 10,337 | 21,095 | 10,758 | 49.0% | 164 | 6559.8% |
| 9/30/2012 | 9,704 | 20,927 | 11,223 | 46.4% | 88 | 12753.4% |
| 6/30/2013 | 9,383 | 20,836 | 11,453 | 45.0% | 0 | n/a |
| 6/30/2014 | 9,590 | 20,411 | 10,821 | 47.0% | 0 | n/a |

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, 2014

| | <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 | \$ 879,799 | \$ - | \$ 9,488 | \$ 43,808 | \$ 227,292 | \$ 279,256 | \$ 1,439,643 |
| Receivables | | | | | | | |
| Property taxes | - | 7,455 | - | - | - | - | 7,455 |
| Due from other governments | 28,299 | - | - | - | - | - | 28,299 |
| Total assets | 908,098 | 7,455 | 9,488 | 43,808 | 227,292 | 279,256 | 1,475,397 |
| Liabilities and Fund balance | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | 108,068 | - | - | 800 | - | - | 108,868 |
| Due to other governments | - | 7,455 | - | - | - | - | 7,455 |
| Total Liabilities | 108,068 | 7,455 | - | 800 | - | - | 116,323 |
| Fund Balance | | | | | | | |
| Restricted for drug enforcement | 800,030 | - | - | - | - | - | 800,030 |
| Restricted for capital projects | - | - | 9,488 | 43,008 | 227,292 | 279,256 | 559,044 |
| Total fund balance | 800,030 | - | 9,488 | 43,008 | 227,292 | 279,256 | 1,359,074 |
| Total liabilities and fund balance | \$ 908,098 | \$ 7,455 | \$ 9,488 | \$ 43,808 | \$ 227,292 | \$ 279,256 | \$ 1,475,397 |

See Independent Auditor's Report

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, 2014

| | 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 | \$ - | \$ 982,623 | \$ - | \$ - | \$ - | \$ - | \$ 982,623 |
| Intergovernmental | 710,918 | 40,505 | - | - | - | - | 751,423 |
| Miscellaneous | 556 | - | - | - | 16 | 21 | 593 |
| Total revenues | <u>711,474</u> | <u>1,023,128</u> | <u>-</u> | <u>-</u> | <u>16</u> | <u>21</u> | <u>1,734,639</u> |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| Public safety | 862,196 | 1,023,128 | - | - | - | - | 1,885,324 |
| Capital outlay: | | | | | | | |
| Public safety | 579,422 | - | - | - | - | - | 579,422 |
| Public works | - | - | - | 22,102 | - | - | 22,102 |
| Total expenditures | <u>1,441,618</u> | <u>1,023,128</u> | <u>-</u> | <u>22,102</u> | <u>-</u> | <u>-</u> | <u>2,486,848</u> |
| Excess of revenues over (under) expenditures | <u>(730,144)</u> | <u>-</u> | <u>-</u> | <u>(22,102)</u> | <u>16</u> | <u>21</u> | <u>(752,209)</u> |
| Other financing sources (uses) | | | | | | | |
| Sale of fixed assets | 17,844 | - | - | - | - | - | 17,844 |
| Total other financing sources (uses) | <u>17,844</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,844</u> |
| Change in fund balance | (712,300) | - | - | (22,102) | 16 | 21 | (734,365) |
| Fund balance - October 1 | <u>1,512,330</u> | <u>-</u> | <u>9,488</u> | <u>65,110</u> | <u>227,276</u> | <u>279,235</u> | <u>2,093,439</u> |
| Fund balance - September 30 | <u>\$ 800,030</u> | <u>\$ -</u> | <u>\$ 9,488</u> | <u>\$ 43,008</u> | <u>\$ 227,292</u> | <u>\$ 279,256</u> | <u>\$ 1,359,074</u> |

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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, 2014

| | <i>Forfeitures and Seizures Fund</i> | | | |
|---|--------------------------------------|--------------------|-------------------|---------------------------------------|
| | Budget | | Actual | Variance with Final Budget |
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 648,385 | \$ 682,618 | \$ 34,233 |
| Miscellaneous | - | - | 557 | 557 |
| Total revenues | <u>-</u> | <u>648,385</u> | <u>683,175</u> | <u>34,790</u> |
| Expenditures: | | | | |
| Public safety | 745,358 | 2,127,259 | 1,441,618 | 685,641 |
| Total expenditures | <u>745,358</u> | <u>2,127,259</u> | <u>1,441,618</u> | <u>685,641</u> |
| Excess (deficit) of revenues over expenditures | <u>(745,358)</u> | <u>(1,478,874)</u> | <u>(758,443)</u> | <u>720,431</u> |
| Other financing sources (uses) | | | | |
| Sale of general fixed assets | - | 9,868 | 17,844 | 7,976 |
| Total other financing sources (uses) | <u>-</u> | <u>9,868</u> | <u>17,844</u> | <u>7,976</u> |
| Changes in fund balance | (745,358) | (1,469,006) | (740,599) | 728,407 |
| Fund balance - October 1 | <u>745,358</u> | <u>1,512,330</u> | <u>1,512,330</u> | <u>-</u> |
| Fund balance - September 30 | <u>\$ -</u> | <u>\$ 43,324</u> | <u>\$ 771,731</u> | <u>\$ 728,407</u> |

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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, 2014

| | <i>Police and Fireman's Retirement Fund</i> | | | |
|-----------------------------|---|------------------|------------------|---------------------------------------|
| | Budget | | Actual | Variance with Final Budget |
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 988,600 | \$ 988,600 | \$ 982,623 | \$ (5,977) |
| Intergovernmental | 34,000 | 34,000 | 40,505 | 6,505 |
| Total revenues | <u>1,022,600</u> | <u>1,022,600</u> | <u>1,023,128</u> | <u>528</u> |
| | | | | |
| Expenditures: | | | | |
| Public safety | <u>1,022,600</u> | <u>1,022,600</u> | <u>1,023,128</u> | <u>(528)</u> |
| Total expenditures | <u>1,022,600</u> | <u>1,022,600</u> | <u>1,023,128</u> | <u>(528)</u> |
| | | | | |
| Changes in fund balance | - | - | - | - |
| | | | | |
| Fund balance - October 1 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - September 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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Supplemental Information

Combining Schedule 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
Capital Projects Funds
Combining Schedule of Revenue, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2014

| | Budget | | Non-Major Funds | | | | Major Fund | Total Actual | Variance with Final Budget |
|--|---------------------|---------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------|---------------------|----------------------------|
| | | | 1996 Pubic Improvement Fund | 1998 Pubic Improvement Fund | 2001 Pubic Improvement Fund | 2003 Pubic Improvement Fund | Capital Projects Fund | | |
| | Original | Final | | | | | | | |
| Revenues: | | | | | | | | | |
| Intergovernmental | \$ 7,384,240 | \$ 11,721,336 | \$ - | \$ - | \$ - | \$ - | \$ 1,057,102 | \$ 1,057,102 | \$(10,664,234) |
| Miscellaneous | 240,695 | 240,695 | - | - | 16 | 21 | 1,878 | 1,915 | (238,780) |
| Total revenues | <u>7,624,935</u> | <u>11,962,031</u> | <u>-</u> | <u>-</u> | <u>16</u> | <u>21</u> | <u>1,058,980</u> | <u>1,059,017</u> | <u>(10,903,014)</u> |
| Expenditures: | | | | | | | | | |
| Capital Projects | 16,803,325 | 23,607,760 | - | 22,102 | - | - | 4,794,944 | 4,817,046 | 18,790,714 |
| Total expenditures | <u>16,803,325</u> | <u>23,607,760</u> | <u>-</u> | <u>22,102</u> | <u>-</u> | <u>-</u> | <u>4,794,944</u> | <u>4,817,046</u> | <u>18,790,714</u> |
| Excess (deficit) of revenues over expenditures | <u>(9,178,390)</u> | <u>(11,645,729)</u> | <u>-</u> | <u>(22,102)</u> | <u>16</u> | <u>21</u> | <u>(3,735,964)</u> | <u>(3,758,029)</u> | <u>7,887,700</u> |
| Other financing sources (uses) | | | | | | | | | |
| Issuance of debt | - | 1,910,117 | - | - | - | - | - | - | (1,910,117) |
| Total other financing sources (uses) | <u>-</u> | <u>1,910,117</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,910,117)</u> |
| Changes in fund balance | (9,178,390) | (9,735,612) | - | (22,102) | 16 | 21 | (3,735,964) | (3,758,029) | 5,977,583 |
| Fund balance - October 1 | <u>10,364,192</u> | <u>12,860,554</u> | <u>9,488</u> | <u>65,110</u> | <u>227,276</u> | <u>279,235</u> | <u>10,527,741</u> | <u>11,108,850</u> | <u>-</u> |
| Fund balance - September 30 | <u>\$ 1,185,802</u> | <u>\$ 3,124,942</u> | <u>\$ 9,488</u> | <u>\$ 43,008</u> | <u>\$ 227,292</u> | <u>\$ 279,256</u> | <u>\$ 6,791,777</u> | <u>\$ 7,350,821</u> | <u>\$ 5,977,583</u> |

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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, 2014

| | <i>Debt Service Fund</i> | | | Variance with Final Budget |
|---|--------------------------|---------------------|---------------------|---------------------------------------|
| | Budget | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 4,784,000 | \$ 4,784,000 | \$ 4,824,836 | \$ 40,836 |
| Intergovernmental | 165,000 | 165,000 | 198,667 | 33,667 |
| Miscellaneous | - | - | 1,044 | 1,044 |
| Total revenues | <u>4,949,000</u> | <u>4,949,000</u> | <u>5,024,547</u> | <u>75,547</u> |
| Expenditures: | | | | |
| General government | - | 400,000 | 400,000 | - |
| Debt service: | | | | |
| Principal | 3,100,000 | 3,100,000 | 3,021,154 | 78,846 |
| Interest | 1,200,000 | 1,200,000 | 769,280 | 430,720 |
| Other | 20,000 | 20,000 | 7,625 | 12,375 |
| Total | <u>4,320,000</u> | <u>4,320,000</u> | <u>3,798,059</u> | <u>521,941</u> |
| Total expenditures | <u>4,320,000</u> | <u>4,720,000</u> | <u>4,198,059</u> | <u>521,941</u> |
| Excess (deficit) of revenues over expenditures | <u>629,000</u> | <u>229,000</u> | <u>826,488</u> | <u>597,488</u> |
| Other financing sources (uses) | | | | |
| Bond proceeds | - | - | 255,269 | 255,269 |
| Bond issue costs | - | - | (211,004) | (211,004) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>44,265</u> | <u>44,265</u> |
| Changes in fund balance | <u>629,000</u> | <u>229,000</u> | <u>870,753</u> | <u>641,753</u> |
| Fund balance - October 1 | <u>3,500,000</u> | <u>3,500,000</u> | <u>3,910,426</u> | <u>-</u> |
| Fund balance - September 30 | <u>\$ 4,129,000</u> | <u>\$ 3,729,000</u> | <u>\$ 4,781,179</u> | <u>\$ 641,753</u> |

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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 Position
September 30, 2014

| | Government-type Activities | | |
|-------------------------------------|-----------------------------|-----------------------|--------------|
| | Group Life and Health | Claims Contingency | Total |
| Assets | | | |
| Cash and cash equivalents | \$ - | \$ 1,987,123 | \$ 1,987,123 |
| Due from other funds | 1,500,000 | 199,938 | 1,699,938 |
| Insurance refunds receivable | - | 47,855 | 47,855 |
| Prepaid insurance | - | 1,031,466 | 1,031,466 |
| Total assets | 1,500,000 | 3,266,382 | 4,766,382 |
| | | | |
| Liabilities | | | |
| Accounts payable | 19,525 | 7,266 | 26,791 |
| Due to other funds | 199,938 | - | 199,938 |
| Liability for self-insurance claims | 70,554 | 2,540,000 | 2,610,554 |
| Total Liabilities | 290,017 | 2,547,266 | 2,837,283 |
| | | | |
| Net position | | | |
| Unrestricted | \$ 1,209,983 | \$ 719,116 | \$ 1,929,099 |

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CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds - Government-type Activities
Combining Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended September 30, 2014

| | <u>Government-type Activities</u> | | |
|-----------------------------------|--------------------------------------|-------------------------------|---------------------|
| | <u>Group Life and Health</u> | <u>Claims Contingency</u> | <u>Total</u> |
| Operating Revenues | | | |
| Employee contributions | \$ 1,159,012 | \$ - | \$ 1,159,012 |
| Retiree contributions | 206,844 | - | 206,844 |
| Employer contributions | 4,268,233 | 2,658,102 | 6,926,335 |
| Insurance claim reimbursements | <u>616,453</u> | <u>88,354</u> | <u>704,807</u> |
| Total operating revenues | <u>6,250,542</u> | <u>2,746,456</u> | <u>8,996,998</u> |
| Operating Expenses | | | |
| Administrative expenses | 159,837 | 66,914 | 226,751 |
| Contractual services | 258,004 | 74,731 | 332,735 |
| Premium payments | 513,352 | 1,837,461 | 2,350,813 |
| Claims paid | <u>5,682,563</u> | <u>1,166,892</u> | <u>6,849,455</u> |
| Total operating expenses | <u>6,613,756</u> | <u>3,145,998</u> | <u>9,759,754</u> |
| Operating income (loss) | (363,214) | (399,542) | (762,756) |
| Non-operating revenues (expenses) | | | |
| Interest income | <u>-</u> | <u>977</u> | <u>977</u> |
| Change in net position | (363,214) | (398,565) | (761,779) |
| Net position - October 1 | <u>1,573,197</u> | <u>1,117,681</u> | <u>2,690,878</u> |
| Net position - September 30 | <u>\$ 1,209,983</u> | <u>\$ 719,116</u> | <u>\$ 1,929,099</u> |

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CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds - Government-type activities
Combining Statement of Cash Flows
For the Fiscal Years ended September 30, 2014

| | Government-type Activities | | |
|--|--------------------------------------|-------------------------------|----------------------------|
| | Group Life and Health | Claims Contingency | Total |
| Cash flows from operating activities: | | | |
| Cash received from employees and others | \$ 1,365,856 | \$ - | \$ 1,365,856 |
| Cash received from insurance claims | 616,453 | 40,499 | 656,952 |
| Cash received from employer contributions | 4,268,233 | 2,658,102 | 6,926,335 |
| Cash paid to suppliers | <u>(6,678,016)</u> | <u>(2,960,535)</u> | <u>(9,638,551)</u> |
| Net cash provided (used) by operating activities | <u>(427,474)</u> | <u>(261,934)</u> | <u>(689,408)</u> |
| Cash flows from non-capital financing activities: | | | |
| Cash loaned (to)/from other funds | <u>199,938</u> | <u>(199,938)</u> | <u>-</u> |
| Net cash used by non-operating activities | <u>199,938</u> | <u>(199,938)</u> | <u>-</u> |
| Cash flows from investing activities: | | | |
| Interest received | <u>-</u> | <u>977</u> | <u>977</u> |
| Net cash from investing activities | <u>-</u> | <u>977</u> | <u>977</u> |
| Net increase in cash and cash equivalents | (227,536) | (460,895) | (688,431) |
| Cash and equivalents - October 1 | <u>227,536</u> | <u>2,448,018</u> | <u>2,675,554</u> |
| Cash and equivalents - September 30 | <u>\$ -</u> | <u>\$ 1,987,123</u> | <u>\$ 1,987,123</u> |

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

| | | | |
|---|---------------------|---------------------|---------------------|
| Operating income (loss) | \$ (363,214) | \$ (399,542) | \$ (762,756) |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | |
| (Increase) decrease in assets | | | |
| Receivable - others | - | (47,855) | (47,855) |
| Prepaid insurance | - | 85,600 | 85,600 |
| Increase (decrease) in liabilities | | | |
| Accounts payable | 9,825 | (30,137) | (20,312) |
| Other liabilities | <u>(74,085)</u> | <u>130,000</u> | <u>55,915</u> |
| Net cash provided by (used in) operating activities | <u>\$ (427,474)</u> | <u>\$ (261,934)</u> | <u>\$ (689,408)</u> |

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Supplemental Information

Fiduciary Funds Combining Schedule

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
Combining Statement of Assets and Liabilities
September 30, 2014

| | <u>Agency Funds</u> | | | | <u>Totals</u> |
|------------------------------|-----------------------------|------------------------------|--|-----------------------------|-------------------|
| | <u>Asset Forfeiture</u> | <u>Coastal Narcotics</u> | <u>Flexible Spending Account</u> | <u>Payroll Clearing</u> | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 234,524 | \$ 81,043 | \$ 30,203 | \$ 2,381 | \$ 348,151 |
| Assets held for disposal | 54,350 | - | - | - | 54,350 |
| Total assets | <u>288,874</u> | <u>81,043</u> | <u>30,203</u> | <u>2,381</u> | <u>402,501</u> |
| Liabilities | | | | | |
| Payable to other governments | 21,309 | - | - | - | 21,309 |
| Payable to others | - | - | - | 2,381 | 2,381 |
| Assets held in trust | 267,565 | 81,043 | 30,203 | - | 378,811 |
| Total liabilities | <u>\$ 288,874</u> | <u>\$ 81,043</u> | <u>\$ 30,203</u> | <u>\$ 2,381</u> | <u>\$ 402,501</u> |

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CITY OF GULFPORT, MISSISSIPPI
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities
September 30, 2014

| | Balance at 10/01/13 | Additions | Deductions | Balance at 09/30/14 |
|--|------------------------|-----------------------|-----------------------|------------------------|
| <u>Asset Forfeiture Fund</u> | | | | |
| Assets | | | | |
| Cash | \$ 227,166 | \$ 107,686 | \$ 100,328 | \$ 234,524 |
| Assets held for disposal | 54,350 | - | - | 54,350 |
| Total assets | <u>281,516</u> | <u>107,686</u> | <u>100,328</u> | <u>288,874</u> |
| Liabilities | | | | |
| Payable to other governments | 632 | 121,005 | 100,328 | 21,309 |
| Assets held in trust | 280,884 | 107,686 | 121,005 | 267,565 |
| Total liabilities | <u>281,516</u> | <u>228,691</u> | <u>221,333</u> | <u>288,874</u> |
| <u>Coastal Narcotics Task Force</u> | | | | |
| Assets | | | | |
| Cash | 35,941 | 48,757 | 3,655 | 81,043 |
| Liabilities | | | | |
| Assets held in trust | 35,941 | 48,757 | 3,655 | 81,043 |
| <u>Flexible Spending Account</u> | | | | |
| Assets | | | | |
| Cash | 19,214 | 78,868 | 67,879 | 30,203 |
| Liabilities | | | | |
| Assets held in trust | 19,214 | 78,868 | 67,879 | 30,203 |
| <u>Tax Collector Clearing</u> | | | | |
| Assets | | | | |
| Cash | - | 50,490,114 | 50,490,114 | - |
| Liabilities | | | | |
| Payable to other governments | - | 50,490,114 | 50,490,114 | - |
| <u>Payroll Clearing</u> | | | | |
| Assets | | | | |
| Cash | 740 | 58,336,267 | 58,334,626 | 2,381 |
| Liabilities | | | | |
| Payable to others | 740 | 58,336,267 | 58,334,626 | 2,381 |
| <u>Total Agency Funds</u> | | | | |
| Assets | | | | |
| Cash | 283,061 | 109,061,692 | 108,996,602 | 348,151 |
| Asset held for disposal | 54,350 | - | - | 54,350 |
| Total assets | <u>337,411</u> | <u>109,061,692</u> | <u>108,996,602</u> | <u>402,501</u> |
| Liabilities | | | | |
| Payable to other governments | 632 | 50,611,119 | 50,590,442 | 21,309 |
| Payable to others | 740 | 58,336,267 | 58,334,626 | 2,381 |
| Assets held in trust | 336,039 | 235,311 | 192,539 | 378,811 |
| Total liabilities | <u>\$ 337,411</u> | <u>\$ 109,182,697</u> | <u>\$ 109,117,607</u> | <u>\$ 402,501</u> |

See Independent Auditor's Report

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 supplemental 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. 103

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 108

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. 112

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. 117

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. 119

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

City of Gulfport, Mississippi
Net Position by Component
Last Ten Fiscal Years

| | Fiscal Year | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2012 | 2011 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 285,129,249 | \$ 281,117,526 | \$ 270,930,882 | \$ 266,185,951 |
| Restricted | 13,301,974 | 16,868,111 | 16,137,281 | 5,797,855 |
| Unrestricted | 5,437,311 | (9,402,426) | (2,956,829) | 112,782 |
| Total governmental activities net position | \$ 303,868,534 | \$ 288,583,211 | \$ 284,111,334 | \$ 272,096,588 |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 177,125,671 | \$ 175,793,824 | \$ 174,576,166 | \$ 166,696,100 |
| Restricted | 952,515 | 952,420 | 952,325 | 952,230 |
| Unrestricted | 2,891,605 | 4,113,910 | 3,570,295 | 4,723,104 |
| Total business-type activities net position | \$ 180,969,791 | \$ 180,860,154 | \$ 179,098,786 | \$ 172,371,434 |
| Primary government | | | | |
| Net investment in capital assets | \$ 462,254,920 | \$ 456,911,350 | \$ 445,507,048 | \$ 432,882,051 |
| Restricted | 14,254,489 | 17,820,531 | 17,089,606 | 6,750,085 |
| Unrestricted | 8,328,916 | (5,288,516) | 613,466 | 4,835,886 |
| Total primary government net position | \$ 484,838,325 | \$ 469,443,365 | \$ 463,210,120 | \$ 444,468,022 |

Years 2005 thru 2013 Governmental Activities Unrestricted Net Position restated for Net Pension Asset

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 249,085,367 | \$ 241,003,147 | \$ 189,599,451 | \$ 188,696,228 | \$ 174,441,181 | \$ 170,877,765 |
| 9,827,643 | 23,399,810 | 32,297,576 | 12,457,697 | 7,293,203 | 12,838,584 |
| (3,975,556) | (5,272,825) | 2,585,625 | 34,765,794 | 31,636,314 | 19,691,774 |
| <u>\$ 254,937,454</u> | <u>\$ 259,130,132</u> | <u>\$ 224,482,652</u> | <u>\$ 235,919,719</u> | <u>\$ 213,370,698</u> | <u>\$ 203,408,123</u> |
| \$ 132,528,012 | \$ 70,723,443 | \$ 54,599,249 | \$ 35,870,524 | \$ 27,883,405 | \$ 9,070,921 |
| 952,121 | 968,050 | 4,000 | 4,000 | 4,000 | 4,000 |
| 2,378,590 | 11,971,135 | 14,425,629 | 20,910,904 | 19,295,222 | 15,774,671 |
| <u>\$ 135,858,723</u> | <u>\$ 83,662,628</u> | <u>\$ 69,028,878</u> | <u>\$ 56,785,428</u> | <u>\$ 47,182,627</u> | <u>\$ 24,849,592</u> |
| \$ 381,613,379 | \$ 311,726,590 | \$ 244,198,700 | \$ 224,566,752 | \$ 202,324,586 | \$ 179,948,686 |
| 10,779,764 | 24,367,860 | 32,301,576 | 12,461,697 | 7,297,203 | 12,842,584 |
| (1,596,966) | 6,698,310 | 17,011,254 | 55,676,698 | 50,931,536 | 35,466,445 |
| <u>\$ 390,796,177</u> | <u>\$ 342,792,760</u> | <u>\$ 293,511,530</u> | <u>\$ 292,705,147</u> | <u>\$ 260,553,325</u> | <u>\$ 228,257,715</u> |

City of Gulfport, Mississippi
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|------------------------|------------------------|------------------------|-----------------------|
| | 2014 | 2013 | 2012 | 2011 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 17,447,206 | \$ 15,406,713 | \$ 17,985,821 | \$ 14,640,152 |
| Public safety | 28,485,153 | 26,479,794 | 29,205,705 | 27,707,275 |
| Public works | 12,878,389 | 12,657,384 | 12,482,311 | 11,084,442 |
| Health and welfare | 1,051,675 | 2,530,289 | 796,205 | 582,936 |
| Economic development | 1,927,464 | 2,036,416 | 2,122,547 | 2,081,041 |
| Culture & recreation | 6,824,808 | 5,212,892 | 5,793,659 | 5,134,626 |
| Interest on long-term debt | 1,001,747 | 1,493,792 | 1,677,536 | 1,413,236 |
| Total governmental activities expense | <u>69,616,442</u> | <u>65,817,280</u> | <u>70,063,784</u> | <u>62,643,708</u> |
| Business-type activities | | | | |
| Water and sewer | 31,584,772 | 29,368,049 | 29,943,157 | 26,911,222 |
| Joseph T. Jones park | 1,769,575 | 1,737,744 | 2,947,134 | 164,346 |
| Gulfport redevelopment commission | 87,250 | 87,250 | 87,250 | - |
| Total business-type activities expense | <u>33,441,597</u> | <u>31,193,043</u> | <u>32,977,541</u> | <u>27,075,568</u> |
| Total primary government expenses | <u>\$ 103,058,039</u> | <u>\$ 97,010,323</u> | <u>\$ 103,041,325</u> | <u>\$ 89,719,276</u> |
| Program Revenue | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 3,991,989 | \$ 3,888,141 | \$ 4,157,208 | \$ 4,614,756 |
| Public safety | 108,200 | 90,097 | 113,522 | 150,421 |
| Public works | 205,186 | 7,246 | 14,161 | 55,885 |
| Health and welfare | - | - | - | - |
| Economic development | 1,428,906 | 1,251,084 | 1,110,574 | 1,376,726 |
| Culture & recreation | 714,847 | 813,746 | 598,271 | 550,700 |
| Operating grants and contributions | 3,157,775 | 5,017,529 | 2,664,936 | 3,625,390 |
| Capital grants and contributions | 3,094,349 | 4,325,695 | 20,047,920 | 18,384,916 |
| Total governmental activities program revenues | <u>12,701,252</u> | <u>15,393,538</u> | <u>28,706,592</u> | <u>28,758,794</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 30,516,277 | 30,367,141 | 30,245,886 | 28,604,172 |
| Joseph T. Jones park | 1,145,826 | 1,028,745 | 520,896 | 11,647 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | 309,001 | 1,064,897 | 8,138,942 | 29,957,733 |
| Total business-type activities program revenues | <u>31,971,104</u> | <u>32,460,783</u> | <u>38,905,724</u> | <u>58,573,552</u> |
| Total primary government program revenues | <u>\$ 44,672,356</u> | <u>\$ 47,854,321</u> | <u>\$ 67,612,316</u> | <u>\$ 87,332,346</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (56,915,190) | \$ (50,423,742) | \$ (41,357,192) | \$ (33,884,914) |
| Business-type activities | (1,470,493) | 1,267,740 | 5,928,183 | 31,497,984 |
| Total primary government net expense | <u>\$ (58,385,683)</u> | <u>\$ (49,156,002)</u> | <u>\$ (35,429,009)</u> | <u>\$ (2,386,930)</u> |

(Continued)

Years 2005 thru 2013 Governmental Activities General Government restated for change in Net Pension Asset

| Fiscal Year | | | | | |
|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 15,061,672 | \$ 17,895,591 | \$ 16,389,796 | \$ 8,439,737 | \$ 18,458,766 | \$ 13,379,869 |
| 28,908,909 | 32,637,921 | 35,181,734 | 30,122,550 | 26,943,482 | 26,852,781 |
| 12,235,926 | 14,365,217 | 17,911,142 | 27,428,901 | 77,057,446 | 15,162,787 |
| 4,482,187 | 11,783,880 | 2,607,893 | 810,198 | 2,130,531 | 1,599,378 |
| 2,289,992 | 2,662,668 | 2,468,356 | 2,276,098 | 1,067,096 | 1,534,449 |
| 4,387,803 | 5,036,165 | 11,753,574 | 9,227,708 | 4,067,029 | 5,267,209 |
| 1,564,971 | 1,772,771 | 2,355,672 | 1,445,005 | 1,459,237 | 1,433,310 |
| <u>68,931,460</u> | <u>86,154,213</u> | <u>88,668,167</u> | <u>79,750,197</u> | <u>131,183,587</u> | <u>65,229,783</u> |
| 26,940,884 | 26,111,077 | 24,476,747 | 15,752,495 | 17,807,885 | 19,783,292 |
| 104,380 | 87,597 | 110,805 | 124,458 | 141,971 | 297,028 |
| - | - | - | - | - | - |
| <u>27,045,264</u> | <u>26,198,674</u> | <u>24,587,552</u> | <u>15,876,953</u> | <u>17,949,856</u> | <u>20,080,320</u> |
| <u>\$ 95,976,724</u> | <u>\$ 112,352,887</u> | <u>\$ 113,255,719</u> | <u>\$ 95,627,150</u> | <u>\$ 149,133,443</u> | <u>\$ 85,310,103</u> |
| \$ 3,703,025 | \$ 3,726,883 | \$ 1,770,822 | \$ 2,576,853 | \$ 3,239,223 | \$ 2,938,104 |
| 28,761 | 123,813 | 161,265 | 166,858 | 61,861 | 125,732 |
| - | - | - | - | - | - |
| - | - | 46,647 | 10,982 | 52,896 | 55,076 |
| 1,426,498 | 1,951,181 | 2,620,595 | 2,854,504 | 2,863,924 | 2,010,262 |
| 771,647 | 494,019 | 41,809 | 336,540 | 469,549 | 474,025 |
| 8,564,497 | 15,924,930 | 856,785 | 4,756,775 | 4,147,269 | 3,597,605 |
| 14,959,682 | 18,696,556 | 17,270,909 | 28,536,146 | 76,682,952 | 6,100,975 |
| <u>29,454,110</u> | <u>40,917,382</u> | <u>22,768,832</u> | <u>39,238,658</u> | <u>87,517,674</u> | <u>15,301,779</u> |
| 24,210,429 | 22,892,554 | 22,196,429 | 20,571,100 | 19,320,980 | 19,986,265 |
| 11,647 | 7,817 | 10,139 | 5,714 | 4,618 | 284,090 |
| - | - | - | - | - | (16,529) |
| 52,615,994 | 24,267,954 | 255,260 | 806,099 | 513,514 | 2,927,791 |
| <u>76,838,070</u> | <u>47,168,325</u> | <u>22,461,828</u> | <u>21,382,913</u> | <u>19,839,112</u> | <u>23,181,617</u> |
| <u>\$ 106,292,180</u> | <u>\$ 88,085,707</u> | <u>\$ 45,230,660</u> | <u>\$ 60,621,571</u> | <u>\$ 107,356,786</u> | <u>\$ 38,483,396</u> |
| \$ (39,477,350) | \$ (45,236,831) | \$ (65,899,335) | \$ (40,511,539) | \$ (43,665,913) | \$ (49,928,004) |
| 49,792,806 | 20,969,651 | (2,125,724) | 5,505,960 | 1,889,256 | 3,101,297 |
| <u>\$ 10,315,456</u> | <u>\$ (24,267,180)</u> | <u>\$ (68,025,059)</u> | <u>\$ (35,005,579)</u> | <u>\$ (41,776,657)</u> | <u>\$ (46,826,707)</u> |

City of Gulfport, Mississippi
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2014 | 2013 | 2012 | 2011 |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes, levied for general purposes | \$ 18,432,805 | \$ 18,388,705 | \$ 18,457,067 | \$ 18,061,388 |
| Property taxes, levied for special purposes | 5,807,459 | 5,729,313 | 6,095,931 | 6,315,051 |
| Sales tax | 19,739,832 | 19,576,183 | 19,002,874 | 19,230,296 |
| Franchise taxes | 4,332,280 | 3,779,248 | 3,606,682 | 3,638,352 |
| Gaming taxes | 3,092,973 | 3,282,363 | 3,142,387 | 3,198,977 |
| Unrestricted grants and contributions | 5,292,120 | 3,559,724 | 1,980,424 | 825,581 |
| Insurance proceeds | - | - | - | 214,664 |
| Gain (Loss) on Disposal of Capital Assets | (30,892) | 376,346 | 580,963 | (126,609) |
| Investment Earnings & Misc | 105,043 | 162,701 | 237,067 | 141,165 |
| Transfers | - | (454,869) | (981,225) | (3,882,228) |
| Total governmental activities | <u>56,771,620</u> | <u>54,399,714</u> | <u>52,122,170</u> | <u>47,616,637</u> |
| Business-type activities | | | | |
| Insurance Proceeds | - | - | - | - |
| Gain (Loss) on Disposal of Capital Assets | (6,498) | - | - | (2,971) |
| Investment Earnings & Misc | 52,575 | 38,759 | 74,245 | 119,166 |
| Transfers | - | 454,869 | 981,225 | 3,882,228 |
| Total business-type activities | <u>46,077</u> | <u>493,628</u> | <u>1,055,470</u> | <u>3,998,423</u> |
| Total primary government | <u>\$ 56,817,697</u> | <u>\$ 54,893,342</u> | <u>\$ 53,177,640</u> | <u>\$ 51,615,060</u> |
| Governmental - Special items: | | | | |
| FEMA Community disaster loan forgiveness | 16,021,567 | - | - | - |
| Business-type activities - Special items: | | | | |
| FEMA Community disaster loan forgiveness | 3,573,774 | - | - | - |
| Total primary government - Speical items | <u>\$ 19,595,341</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 15,877,997 | \$ 3,975,972 | \$ 10,764,978 | \$ 13,731,723 |
| Business-type activities | 2,149,358 | 1,761,368 | 6,983,653 | 35,496,407 |
| Total primary government | <u>\$ 18,027,355</u> | <u>\$ 5,737,340</u> | <u>\$ 17,748,631</u> | <u>\$ 49,228,130</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 17,410,169 | \$ 16,609,515 | \$ 14,120,511 | \$ 12,623,050 | \$ 16,144,033 | \$ 13,846,552 |
| 7,048,312 | 6,801,634 | 6,046,362 | 6,894,400 | 6,439,702 | 5,474,016 |
| 18,741,574 | 20,131,945 | 21,834,653 | 24,039,616 | 26,980,191 | 18,228,317 |
| 3,942,293 | 3,828,900 | 3,634,007 | 3,284,355 | 3,254,940 | 2,853,831 |
| 3,221,427 | 3,316,175 | 3,524,542 | 2,847,942 | 289,678 | 4,591,269 |
| 523,802 | 968,885 | 1,049,367 | 2,937,024 | 3,104,638 | 1,423,818 |
| 309,856 | 3,264,814 | 11,759,304 | 3,514,865 | 2,835,835 | - |
| (20,349,579) | (1,850,914) | - | - | - | 1,408,158 |
| 3,737,998 | 25,322,512 | 5,903,789 | 8,059,656 | 2,948,584 | 4,221,948 |
| (1,765,333) | (3,439,783) | (13,410,267) | (1,140,348) | (5,253,000) | (1,202,000) |
| <u>32,820,519</u> | <u>74,953,683</u> | <u>54,462,268</u> | <u>63,060,560</u> | <u>56,744,601</u> | <u>50,845,909</u> |
| - | 524,471 | - | 486,747 | - | - |
| (81,167) | (47,347) | - | - | - | (879,460) |
| 189,350 | 2,863,010 | 958,907 | 2,469,746 | 15,190,779 | 1,158,158 |
| 1,765,333 | 3,439,783 | 13,410,267 | 1,140,348 | 5,253,000 | 1,202,000 |
| <u>1,873,516</u> | <u>6,779,917</u> | <u>14,369,174</u> | <u>4,096,841</u> | <u>20,443,779</u> | <u>1,480,698</u> |
| <u>\$ 34,694,035</u> | <u>\$ 81,733,600</u> | <u>\$ 68,831,442</u> | <u>\$ 67,157,401</u> | <u>\$ 77,188,380</u> | <u>\$ 52,326,607</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ -</u> |
| \$ (6,656,831) | \$ 29,716,852 | \$ (11,437,067) | \$ 22,549,021 | \$ 13,078,688 | \$ 917,905 |
| 51,666,322 | 27,749,568 | 12,243,450 | 9,602,801 | 22,333,035 | 4,581,995 |
| <u>\$ 45,009,491</u> | <u>\$ 57,466,420</u> | <u>\$ 806,383</u> | <u>\$ 32,151,822</u> | <u>\$ 35,411,723</u> | <u>\$ 5,499,900</u> |

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

| | Fiscal Year | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2014 | 2013 | 2012 | 2011 |
| General Fund | | | | |
| Restricted for: | | | | |
| Drug enforcement | \$ - | \$ - | \$ 28,499 | \$ 28,499 |
| Senior citizens program | 100,000 | 100,000 | 100,000 | 100,000 |
| Assigned for: | | | | |
| Subsequent year appropriations | - | 215,226 | - | - |
| Unassigned | 3,527,812 | 3,179,087 | 2,372,878 | 5,075,411 |
| Total general fund | <u>\$ 3,627,812</u> | <u>\$ 3,494,313</u> | <u>\$ 2,501,377</u> | <u>\$ 5,203,910</u> |
| All Other Governmental Funds | | | | |
| Restricted for: | | | | |
| Drug enforcement | \$ 800,030 | \$ 1,512,330 | \$ 1,458,489 | \$ 1,395,365 |
| Debt service | 4,720,408 | 3,849,656 | 4,134,783 | 3,844,021 |
| Urban development | 221,348 | 297,275 | 295,988 | 295,984 |
| Capital projects | 7,460,188 | 11,108,850 | 12,245,552 | 2,240,691 |
| Hurricane repairs | - | - | - | - |
| Nonspendable for prepaids | - | 60,770 | 64,883 | 69,820 |
| Total all other governmental funds | <u>\$ 13,201,974</u> | <u>\$ 16,828,881</u> | <u>\$ 18,199,695</u> | <u>\$ 7,845,881</u> |
| Total Governmental Funds | <u>\$ 16,829,786</u> | <u>\$ 20,323,194</u> | <u>\$ 20,701,072</u> | <u>\$ 13,049,791</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 28,499 | \$ 28,499 | \$ - | \$ - | \$ - | \$ - |
| 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| - | 4,775,590 | 8,028,176 | 15,873,704 | 17,737,034 | 5,420,268 |
| 5,183,946 | 627,799 | 4,256,005 | 13,680,477 | 20,304,378 | 11,736,367 |
| <u>\$ 5,312,445</u> | <u>\$ 5,531,888</u> | <u>\$ 12,384,181</u> | <u>\$ 29,654,181</u> | <u>\$ 38,141,412</u> | <u>\$ 17,256,635</u> |
| \$ 2,030,276 | \$ 3,114,542 | \$ 2,886,966 | \$ 2,070,426 | \$ 1,601,608 | \$ 243,397 |
| 3,662,817 | 5,791,001 | 10,104,287 | 4,037,526 | 2,528,093 | 2,171,371 |
| 132,398 | 406,792 | 51,505 | 286,358 | 876,804 | 1,594,964 |
| 5,643,041 | 14,239,250 | 20,313,242 | 10,446,352 | 4,375,266 | 6,027,899 |
| - | 1,152,092 | - | 8,842,822 | 1,924,800 | 127,120 |
| 72,582 | 76,257 | 79,757 | - | - | - |
| <u>\$ 11,541,114</u> | <u>\$ 24,779,934</u> | <u>\$ 33,435,757</u> | <u>\$ 25,683,484</u> | <u>\$ 11,306,571</u> | <u>\$ 10,164,751</u> |
| <u>\$ 16,853,559</u> | <u>\$ 30,311,822</u> | <u>\$ 45,819,938</u> | <u>\$ 55,337,665</u> | <u>\$ 49,447,983</u> | <u>\$ 27,421,386</u> |

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

| | Fiscal Year | | | |
|--|-----------------------|---------------------|---------------------|-----------------------|
| | 2014 | 2013 | 2012 | 2011 |
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 24,240,264 | \$ 24,118,018 | \$ 24,552,998 | \$ 24,376,439 |
| Sales | 19,739,832 | 19,576,183 | 19,002,874 | 19,230,296 |
| Franchise | 4,332,280 | 3,779,248 | 3,606,682 | 3,638,352 |
| Gaming | 3,092,973 | 3,282,363 | 3,142,387 | 3,197,977 |
| Licenses and permits | 1,406,737 | 1,251,084 | 1,110,574 | 1,342,133 |
| Intergovernmental | 8,488,088 | 11,085,701 | 21,082,548 | 22,835,887 |
| Charges for service | 1,954,839 | 1,721,145 | 1,527,177 | 1,502,856 |
| Fines & forfeits | 1,721,696 | 1,956,635 | 1,931,800 | 2,548,171 |
| Miscellaneous | 104,066 | 161,557 | 201,646 | 75,847 |
| Total revenues | 65,080,775 | 66,931,934 | 76,158,686 | 78,747,958 |
| Expenditures | | | | |
| General government | 7,824,841 | 7,079,355 | 7,187,596 | 7,228,142 |
| Public safety | 31,361,182 | 29,433,859 | 32,448,262 | 30,667,009 |
| Public works | 10,335,506 | 9,927,950 | 9,728,428 | 8,276,579 |
| Health and welfare | 1,329,783 | 2,797,483 | 892,706 | 678,278 |
| Economic development | 2,249,006 | 2,346,013 | 2,428,878 | 2,370,885 |
| Culture & recreation | 5,628,464 | 5,268,671 | 5,894,727 | 4,887,580 |
| Capital outlay | 7,126,336 | 6,738,782 | 15,098,742 | 20,708,636 |
| Debt service | | | | |
| Principal | 3,238,072 | 4,140,350 | 3,497,844 | 3,748,258 |
| Interest | 765,011 | 1,128,160 | 1,279,711 | 1,055,136 |
| Other | 7,625 | 11,866 | 7,675 | 9,165 |
| Total expenditures | 69,865,826 | 68,872,489 | 78,464,569 | 79,629,668 |
| Excess of revenues over (under) expenditures | (4,785,051) | (1,940,555) | (2,305,883) | (881,710) |
| Other Financing Sources (Uses) | | | | |
| Capital leases | 415,679 | 517,622 | 10,000,000 | - |
| Issuance of TIF bonds | 480,000 | - | - | - |
| Payment to refunded bond escrow | (16,412,456) | - | - | - |
| Sale of refunding bonds | 15,025,000 | - | - | - |
| Bond issue costs | (364,181) | - | - | - |
| Premium on refunding bonds | 1,745,902 | - | - | - |
| Insurance proceeds | - | - | - | 214,664 |
| Sale of capital assets | 401,699 | 884,922 | 1,070,368 | 106,085 |
| Transfers in | - | 536,337 | 1,193,605 | 773,380 |
| Transfers out | - | (991,206) | (1,691,807) | (4,017,187) |
| Total other financing sources (uses) | 1,291,643 | 947,675 | 10,572,166 | (2,923,058) |
| Net change in fund balance | \$ (3,493,408) | \$ (992,880) | \$ 8,266,283 | \$ (3,804,768) |
| Debt service as a percentage of noncapital expenditures | 6.38% | 8.48% | 7.54% | 8.15% |

| Fiscal Year | | | | | |
|------------------------|------------------------|-----------------------|---------------------|----------------------|---------------------|
| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| \$ 24,458,481 | \$ 23,411,149 | \$ 20,166,873 | \$ 19,517,450 | \$ 22,583,735 | \$ 19,320,568 |
| 18,741,574 | 20,131,945 | 21,834,653 | 24,039,616 | 26,980,191 | 18,228,317 |
| 3,942,293 | 3,828,900 | 3,634,007 | 3,284,355 | 3,254,940 | 2,853,831 |
| 3,221,427 | 3,316,175 | 3,524,542 | 2,847,942 | 289,678 | 4,591,269 |
| 1,362,510 | 1,695,450 | 2,228,349 | 2,803,830 | 2,927,373 | 1,854,996 |
| 24,047,981 | 34,908,729 | 19,177,061 | 32,943,601 | 82,516,606 | 10,023,777 |
| 985,498 | 952,901 | 953,699 | 848,659 | 965,700 | 951,288 |
| 2,202,505 | 2,673,324 | 1,888,998 | 1,393,749 | 2,077,765 | 2,811,375 |
| 459,499 | 1,054,812 | 4,406,741 | 7,097,624 | 2,947,093 | 2,584,058 |
| <u>79,421,768</u> | <u>91,973,385</u> | <u>77,814,923</u> | <u>94,776,826</u> | <u>144,543,081</u> | <u>63,219,479</u> |
| 7,279,026 | 8,706,354 | 9,284,515 | 7,445,333 | 12,420,732 | 6,768,346 |
| 33,477,490 | 35,626,715 | 36,821,619 | 29,929,880 | 28,835,838 | 28,776,088 |
| 8,809,717 | 10,923,312 | 14,597,641 | 25,713,928 | 76,660,811 | 14,753,466 |
| 4,547,682 | 11,817,385 | 2,654,150 | 786,880 | 1,493,555 | - |
| 2,551,983 | 2,954,131 | 2,687,131 | 2,238,014 | 1,513,720 | 2,492,810 |
| 4,767,819 | 5,181,386 | 11,838,803 | 9,210,288 | 5,153,071 | 4,919,829 |
| 26,012,668 | 26,364,288 | 14,125,668 | 12,690,199 | 2,497,235 | 1,028,394 |
| 3,725,430 | 3,572,981 | 3,394,376 | 3,028,101 | 2,707,970 | 3,344,651 |
| 1,209,078 | 1,391,971 | 1,311,173 | 1,286,601 | 1,472,265 | 1,633,099 |
| 8,165 | 15,453 | 6,201 | 9,715 | 10,376 | 7,690 |
| <u>92,389,058</u> | <u>106,553,976</u> | <u>96,721,277</u> | <u>92,338,939</u> | <u>132,765,573</u> | <u>63,724,373</u> |
| (12,967,290) | (14,580,591) | (18,906,354) | 2,437,887 | 11,777,508 | (504,894) |
| - | - | 11,209,465 | 1,790,535 | 13,373,122 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 309,856 | 3,264,815 | 767,530 | 3,239,585 | 2,835,835 | - |
| 139,929 | 65,170 | 441,620 | 127,023 | - | 1,408,158 |
| 4,323,038 | 9,927,865 | 21,084,020 | 17,789,011 | 944,476 | 4,567,891 |
| (5,263,796) | (14,185,375) | (24,114,008) | (19,494,359) | (6,197,476) | (5,769,891) |
| <u>(490,973)</u> | <u>(927,525)</u> | <u>9,388,627</u> | <u>3,451,795</u> | <u>10,955,957</u> | <u>206,158</u> |
| <u>\$ (13,458,263)</u> | <u>\$ (15,508,116)</u> | <u>\$ (9,517,727)</u> | <u>\$ 5,889,682</u> | <u>\$ 22,733,465</u> | <u>\$ (298,736)</u> |
| 7.43% | 6.19% | 5.70% | 5.42% | 3.21% | 7.94% |

City of Gulfport, Mississippi
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 | |
| 2014 | \$ 459,586 | \$ 3,359,547 | \$ 82,689 | \$ 551,260 | \$ 127,697 | \$ 851,313 | \$ 68,175 | \$ 227,250 | \$ 738,147 | \$ 4,989,370 | 14.79% |
| 2013 | 460,129 | 3,363,516 | 81,023 | 540,153 | 131,213 | 874,753 | 69,407 | 231,357 | 741,772 | 5,009,779 | 14.81% |
| 2012 | 466,503 | 3,410,110 | 83,309 | 555,393 | 129,334 | 862,227 | 69,948 | 233,160 | 749,094 | 5,060,890 | 14.80% |
| 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% |

(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 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

Source: Harrison County Tax Assessor

City of Gulfport, Mississippi
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 | |
| 2014 | 27.0 | 7.0 | 34.0 | 30.5 | 5.4 | 35.9 | 53.6 | 7.3 | 60.9 | 130.8 |
| 2013 | 27.0 | 7.0 | 34.0 | 30.5 | 5.4 | 35.9 | 53.9 | 7.0 | 60.9 | 130.8 |
| 2012 | 27.0 | 7.0 | 34.0 | 30.5 | 5.4 | 35.9 | 53.6 | 7.3 | 60.9 | 130.8 |
| 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 |

Ad valorem on real property are collected in arrears for each calendar year. The tax is levied in September of the tax year for 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.

Source: Harrison County Tax Collector

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

| Taxpayer | 2014 | | | 2005 | | |
|-----------------------------|---------------------------|------------|--|------------------------|-----------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total Assessed Valuation |
| | Mississippi Power & Light | \$ 113,267 | 1 | 15.34% | \$ 90,332 | 1 |
| Gulfside Casino Partnership | 19,355 | 2 | 2.62% | | | |
| Bell South | 6,281 | 3 | 0.85% | 12,666 | 3 | 2.10% |
| CrossRoads Center | 6,044 | 4 | 0.82% | 4,678 | 5 | 0.78% |
| Hancock Bank | 5,265 | 5 | 0.71% | 3,370 | 7 | 0.56% |
| HCA Realty | 4,715 | 6 | 0.64% | 4,212 | 6 | 0.70% |
| E.I. Dupont | 3,409 | 7 | 0.46% | 1,887 | 10 | 0.31% |
| Harrison-Gulfport LLC | 2,758 | 8 | 0.37% | | | |
| Gulfport Factory Shops | 2,398 | 9 | 0.32% | 2,093 | 8 | 0.35% |
| Avondale Enterprises Inc | 2,333 | 10 | 0.32% | | | |
| Grand Casino | | | | 42,746 | 2 | 7.09% |
| Copa Casino | | | | 5,851 | 4 | 0.97% |
| Gulf Condos | | | | 2,085 | 9 | 0.35% |
| Total | \$ 165,825 | | 22.47% | \$ 169,920 | | 28.18% |

Source: Harrison County Tax Assessor

City of Gulfport, Mississippi
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 |
| | | | | | | |
| 2014 | \$ 44,508 | \$ 42,288 | 95.01% | 341 | \$ 42,629 | 95.78% |
| 2013 | 45,014 | 42,399 | 94.19% | 158 | 42,557 | 94.54% |
| 2012 | 45,675 | 42,829 | 93.77% | 200 | 43,029 | 94.21% |
| 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% |

City of Gulfport, Mississippi
 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 | | | |
| 2014 | \$ 17,320 | \$ 793 | \$ 8,230 | \$ 42,140 | \$ 23,643 | \$ - | \$ 92,126 | 22.65% | \$ 1.30 |
| 2013 | 15,545 | 518 | 26,686 | 46,035 | 25,258 | 2,986 | 117,028 | 18.44% | 1.67 |
| 2012 | 18,345 | - | 28,026 | 49,460 | 27,312 | 3,308 | 126,451 | 16.48% | 1.83 |
| 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 |

City of Gulfport, Mississippi
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 |
|-------------|----------------------|-----------------------------|--------------------------------|-------------------------|--------------------|--|----------------------------|
| 2014 | 71.0 | \$ 738,147 | \$ 17,320 | \$ 4,720 | \$ 12,600 | 1.71% | \$ 177 |
| 2013 | 70.1 | 741,772 | 15,545 | 3,850 | 11,695 | 1.58% | 167 |
| 2012 | 69.2 | 749,094 | 18,345 | 4,135 | 14,210 | 1.90% | 205 |
| 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 |

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

City of Gulfport, Mississippi
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2014
(amounts expressed in thousands)

| Jurisdiction | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---------------------------------------|-----------------------------|--|--|
| City of Gulfport direct debt | \$ 26,343 | 100.00% | <u>\$ 26,343</u> |
| Debt repaid with property taxes: | | | |
| Harrison County | 143,965 | 36.58% | 52,662 |
| Gulfport School District | 4,125 | 100.00% | <u>4,125</u> |
| Overlapping debt | | | <u>56,787</u> |
| Total direct and overlapping debt | | | <u><u>\$ 83,130</u></u> |

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for prepaying the debt of each overlapping government.

The percentage of overlapping debt applicable is estimated using assessed property values, by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total assessed value.

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

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

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Debt Limit (15%) | \$ 110,722 | \$ 111,266 | \$ 112,364 | \$ 111,012 | \$ 109,410 | \$ 107,907 | \$ 90,740 | \$ 84,640 | \$ 95,719 | \$ 90,500 |
| Total net GO debt applicable to limit | <u>12,600</u> | <u>11,695</u> | <u>14,210</u> | <u>17,091</u> | <u>19,800</u> | <u>20,203</u> | <u>18,296</u> | <u>12,784</u> | <u>19,310</u> | <u>22,689</u> |
| Legal debt margin | <u>\$ 98,122</u> | <u>\$ 99,571</u> | <u>\$ 98,154</u> | <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> |
| Total net debt applicable to the limit as a percentage of the debt limit | 11.38% | 10.51% | 12.65% | 15.40% | 18.10% | 18.72% | 20.16% | 15.10% | 20.17% | 25.07% |

**Legal Debt Margin Calculated
for Fiscal Year 2014**

| | |
|------------------------------------|------------------|
| Assessed Value | \$ 738,147 |
| Debt limit (15% of assessed value) | 110,722 |
| Debt applicable to limit: | |
| General obligation bonds | (17,320) |
| Debt service funds available | <u>4,720</u> |
| Legal debt margin | <u>\$ 98,122</u> |

City of Gulfport, Mississippi
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 | |
| 2014 | \$ 30,559 | \$ 23,652 | \$ 6,907 | \$ 1,995 | \$ 1,791 | \$ 3,786 | 182.44% |
| 2013 | 30,402 | 20,669 | 9,733 | 1,895 | 1,890 | 3,785 | 257.15% |
| 2012 | 30,282 | 21,172 | 9,110 | 1,800 | 1,985 | 3,785 | 240.69% |
| 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% |

(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, Mississippi
Demographic and Economic Statistics
Last Ten Calendar Years

| Fiscal Year | Estimated Population (1) | Per Capita Personal Income (2) | School (3) Enrollment | Unemployment Rate (4) |
|----------------|-----------------------------|--------------------------------------|--------------------------|--------------------------|
| 2014 | 71,012 | \$ 20,863 | 6,135 | 8.50% |
| 2013 | 70,113 | 21,579 | 5,903 | 9.90% |
| 2012 | 69,220 | 20,845 | 5,699 | 9.90% |
| 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 | 16.6% * |
| 2005 | 73,272 | 19,832 | 6,219 | 6.20% |

(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, Mississippi
Principal Employers
Last Six Fiscal Years

| Employer | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | | 2009 | |
|-------------------------------------|---------------|------|---------------|------|---------------|------|---------------|------|---------------|------|---------------|------|
| | Employees | Rank |
| Naval CBC Base | 5,500 | 1 | 3,304 | 1 | 5,400 | 1 | 5,800 | 1 | 5,950 | 1 | 7,000 | 1 |
| Memorial Hospital | 3,331 | 2 | 3,290 | 2 | 3,290 | 2 | 2,894 | 2 | 2,894 | 2 | 2,894 | 2 |
| Harrison County Schools | 1,802 | 3 | 1,788 | 3 | 1,703 | 3 | 1,649 | 3 | 1,795 | 3 | 1,795 | 3 |
| Island View Casino Resort | 1,206 | 4 | 1,207 | 4 | 1,337 | 4 | 1,188 | 5 | 1,170 | 6 | 1,042 | 6 |
| Hancock Bank | 864 | 5 | 864 | 5 | 864 | 5 | 864 | 7 | 1,213 | 5 | 1,213 | 5 |
| Gulfport Schools | 848 | 6 | 831 | 6 | 818 | 6 | 900 | 6 | 881 | 7 | 881 | 7 |
| Mississippi Power | 728 | 7 | 728 | 7 | 728 | 8 | 1,253 | 4 | 1,295 | 4 | 1,299 | 4 |
| Gulf Coast Shipyard Group | 650 | 8 | - | - | - | - | - | - | - | - | - | - |
| Gulf Ship, LLC | 650 | 9 | 608 | 9 | - | - | - | - | - | - | - | - |
| Trent Lott Training Complex Air | 636 | 10 | - | - | - | - | - | - | - | - | - | - |
| City of Gulfport | - | - | 617 | 8 | 618 | 9 | 639 | 9 | 605 | 8 | 638 | 8 |
| Wal-Mart | - | - | 585 | 10 | 585 | 10 | 585 | 10 | 585 | 9 | 585 | 9 |
| Huntington Ingalls Industries, Inc. | - | - | - | - | 730 | 7 | 730 | 8 | - | - | - | - |
| Trinity Yachts | - | - | - | - | - | - | - | - | 500 | 10 | 500 | 10 |
| Total | 16,215 | | 13,822 | | 16,073 | | 16,502 | | 16,888 | | 17,847 | |

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, Mississippi
 Full-Time Equivalent City Government Employees by Function/Program
 Last Six Fiscal Years

| Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Full-Time Equivalent Employees | Full-Time Equivalent Employees | Full-Time Equivalent Employees | Full-Time Equivalent Employees | Full-Time Equivalent Employees | Full-Time Equivalent Employees |
| Mayor's Office | 3 | 3 | 3 | 3 | 3 | 3 |
| Council | 9 | 9 | 8 | 8 | 9 | 9 |
| Municipal Court | 22.5 | 23.5 | 22.5 | 23.5 | 24 | 26 |
| Legal | 10 | 8.5 | 10 | 9 | 9 | 10 |
| General Admin | 33.5 | 33.5 | 31.5 | 33 | 33 | 34 |
| Police | | | | | | |
| Officers | 176 | 167.5 | 176 | 185.5 | 189 | 183 |
| Civilians | 57 | 56.5 | 59.5 | 61.5 | 63 | 69 |
| Fire | | | | | | |
| Combat | 149 | 158 | 154 | 158 | 150 | 155 |
| Civilians | 7 | 6 | 6 | 5 | 5 | 9 |
| Public Works | 37 | 35 | 34 | 33 | 31 | 45 |
| Leisure Services | 70.5 | 69.5 | 67 | 67.5 | 55 | 59 |
| Community Development | 3 | 3 | 3 | 3 | 4 | 4 |
| Urban/Economic Development | 27 | 26 | 26 | 31 | 30 | 30 |
| Utility Billing/Water-Sewer | 18 | 18 | 17 | 18 | - | 2 |
| Total | 622.5 | 617 | 617.5 | 639 | 605 | 638 |

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

City of Gulfport, Mississippi
Operating Indicators by Function/Program
Last Six Fiscal Years

| Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | |
| Physical arrests | 10,777 | 11,072 | 11,826 | 12,639 | 11,129 | 12,557 |
| Parking violations | 1,823 | 911 | 1,929 | 2,421 | 1,341 | 1,180 |
| Traffic violations | 26,213 | 19,766 | 21,063 | 25,037 | 33,900 | 37,244 |
| Fire | | | | | | |
| Emergency responses | 10,520 | 10,194 | 10,534 | 9,712 | 9,480 | 7,862 |
| Fires extinguished | 383 | 352 | 380 | 511 | 378 | 542 |
| Inspections | 2,325 | 2,220 | 3,616 | 1,548 | 1,699 | 4,078 |
| Public Works | | | | | | |
| Street resurfacing (miles) | 8.21 | 34.49 | 7.20 | 18.45 | 3.00 | 9.89 |
| Potholes repaired | 745 | 1,041 | 977 | 733 | 1,184 | 619 |
| Parks and Recreation | | | | | | |
| Community center admissions | 406,632 | 294,462 | 253,384 | 337,268 | 264,599 | 139,918 |
| Water | | | | | | |
| New connections | 496 | 326 | 563 | 446 | 1,060 | 1,393 |
| Water main breaks | 42 | 36 | 28 | 33 | 24 | 22 |
| Average daily consumption (gallons) | 6,740,942 | 8,871,332 | 9,898,706 | 8,529,219 | 10,246,575 | 9,081,585 |
| Wastewater | | | | | | |
| Average daily sewage treatment (gallons) | 11,780,200 | 11,044,900 | 10,910,833 | 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, Mississippi
Capital Asset Statistics by Function/Program
Last Six Fiscal Years

| Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------------|------------|------------|------------|------------|------------|------------|
| Police | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 3 |
| Patrol Units | 60 | 60 | 63 | 72 | 79 | 80 |
| Fire Stations | 11 | 11 | 12 | 12 | 12 | 12 |
| Public Works | | | | | | |
| Streets (miles) | 1,021.3 | 1,021.3 | 614.0 | 614.0 | 614.0 | 602.3 |
| Street lights | 10,765 | 9,383 | 9,543 | 9,356 | 8,030 | 9,101 |
| Traffic signals | 110 | 110 | 110 | 110 | 110 | 100 |
| Parks and Recreations | | | | | | |
| Acreage | 600 | 600 | 600 | 600 | 600 | 600 |
| Playgrounds | 19 | 19 | 19 | 19 | 19 | 19 |
| Ballfields | 38 | 38 | 38 | 38 | 38 | 38 |
| Tennis courts | 7 | 7 | 7 | 7 | 7 | 7 |
| Parks | 31 | 31 | 31 | 31 | 31 | 31 |
| Community centers | 11 | 10 | 11 | 14 | 14 | 14 |
| Waterfront piers | 6 | 6 | 6 | 6 | 6 | 6 |
| Boat launch ramps | 14 | 14 | 14 | 14 | 14 | 14 |
| Small craft harbor slips * | 319 | 319 | 319 | 319 | - | - |
| Water | | | | | | |
| Water mains (miles) | 423.0 | 418.0 | 412.0 | 409.0 | 401.0 | 365.5 |
| Fire hydrants | 3,650 | 3,614 | 3,559 | 3,538 | 2,793 | 3,398 |
| Storage capacity (gallons) | 6,108,000 | 6,108,000 | 6,550,000 | 5,550,000 | 5,550,000 | 5,108,000 |
| Wastewater | | | | | | |
| Sanitary sewer (miles) | 502.00 | 501.00 | 500.00 | 499.00 | 492.00 | 307.84 |
| Storm sewer (miles) | 502.00 | 501.00 | 500.00 | 499.00 | 492.00 | 307.84 |
| Treatment capacity (gallons) | 27,571,500 | 27,550,417 | 30,905,833 | 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, Mississippi
Schedule of Surety Bonds
September 30, 2014

| NAME AND POSITION | AMOUNT | EXPIRES |
|---|------------|-----------|
| Kenneth L. Casey, Sr., Councilman, Ward 1 | \$ 100,000 | 6/30/2017 |
| Richard "Ricky" Dombrowski, Councilman, Ward 2 | 100,000 | 6/30/2017 |
| Ella Jean Holmes-Hines, Councilwoman Ward 3 | 100,000 | 6/30/2017 |
| F.B. "Rusty" Walker, IV, Councilman Ward 4 | 100,000 | 6/30/2017 |
| Myles Sharp, Councilman, Ward 5 | 100,000 | 6/30/2017 |
| Robert "R. Lee" Flowers, II, Councilman, Ward 6 | 100,000 | 6/30/2017 |
| Cara L. Pucheu, Councilwoman Ward 7 | 100,000 | 6/30/2017 |
| William G. "Billy" Hewes III, Mayor | 100,000 | 6/30/2017 |
| John R. Kelly, Chief Administrator Officer | 50,000 | 3/17/2016 |
| Scott Wilson, Comptroller/City Clerk | 50,000 | 6/28/2015 |
| Helen Eve Fasler, Deputy City Clerk | 50,000 | 9/8/2015 |
| Ronda Cole, Deputy City Clerk | 50,000 | 3/6/2016 |
| Angela T. Kunn, Court Administrator | 50,000 | 6/11/2015 |
| Leonard Papania, Police Chief | 50,000 | 5/8/2015 |
| Mary C. Collins, Deputy City Clerk | 50,000 | 7/25/2015 |
| Antionette F. White, Deputy City Clerk | 50,000 | 8/8/2015 |