City of Gulfport, Mississippi

Agenda

City Council

2309 15th Street
Gulfport, MS 39501

Tuesday, April 25, 2017 | **4:30 PM** | ***Gulfport City Hall Council Chambers***

4:30 P.M. Call to Order

Declaration of a special called meeting

1 Acceptance - Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2016.

2 Reconsideration - of council action on April 18, 2017 approving ordinance to rezone the tax parcel 1010G-02-023.000 from T4+ (General Urban Zone "Plus") to B-1 (Neighborhood Business): located north of and adjacent to E Pass Road, south of Magnolia Street, east of Harrison Road, and west of Lindh Road - Case # 1703PC024 - Ward 4.

Memorandum

To: Mayor Billy Hewes and
Gulfport City Council

From: Ronda Cole, Clerk of Council
City Council

Date: 04/21/2017

Subject: Acceptance - Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2016.

Recommendation:

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30th, 2016

Gulfport

M I S S I S S I P P I

CITY OF GULFPORT, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2016

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 the its legal operation environment.

COMPTROLLER/CITY CLERK

P.O. Box 1780

Gulfport, MS 39502

Phone: 228-234-8590

April 13, 2017

Honorable Mayor and City Council

City of Gulfport

Gulfport, MS 39501

The Department of Comptroller 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, 2016. 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 September30, 2016. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The City is a member of the Harrison County Utility Authority, a joint venture with other local cities to provide adequate wastewater treatment and solid waste disposal services. The city is also involved in a joint venture with the Memorial Hospital at Gulfport, an acute health care center and the Gulfport

Redevelopment Commission (GRC). A synopsis of the joint ventures' financial statements for the fiscal year ended September 30, 2016, 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

Even though it has been ten years since Katrina, the City is still working towards recovering resources expended on not only Hurricanes Katrina, but also Gustav and Isaac. The national, state, and local economies are slowly recovering from one of the worst recessions recorded in many decades along with the impact felt by the worst man-made disaster recorded in history with the British Petroleum oil spill. Employment is one critical component of the economic development of an area. Per the Mississippi Employment Security Commission, the unemployment rate for Gulfport for 2016 is 6.1%, a decrease of 1.2% from 2015. See Schedule 14 for a ten year historical review. Even with this decrease, the City will continue to be faced with the challenge to meet the needs of its citizens for some time.

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

Future Economic Outlook

- A state of the art Aquarium is planned for construction to begin in Spring 2017 and completed by Spring 2019. The aquarium will not only attract visitors and spur economic development and jobs, city leaders believe, but also create educational awareness of the Coast's diverse marine life and enhance marine research. A hotel along with a walking bridge across US 90 is also planned to be completed to enhance the Aquarium experience.

- A casino and restaurant are also planned along the harbor area which is expected to transform Gulfport and the entire Mississippi Coast.

- Island View – The Island View Casino has completed the renovation of the hotel tower south of Highway 90. In addition, Island View has announced a new casino to be built on the same side as the new tower south.

- Downtown Revitalization -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. The walkable social district which includes Fishbone Alley has enhanced the attraction to downtown dining and visiting.

- City-wide Revitalization-Additional new restaurants are opened or are in near completion throughout the city. Corks and Cleaver, Zaxby's, Buffalo Wild Wings, Ajax, Backyard Burger, Shaggy's as well as others have all recently opened for business.

Financial Information

Accounting System

The Department of Comptroller 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, and purchasing.

The Department of Comptroller 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 re-appropriated 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 Wright, Ward, Hatten & Guel PLLC to perform the audit for fiscal year ended September30, 2016. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors rendered an unqualified opinion.

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

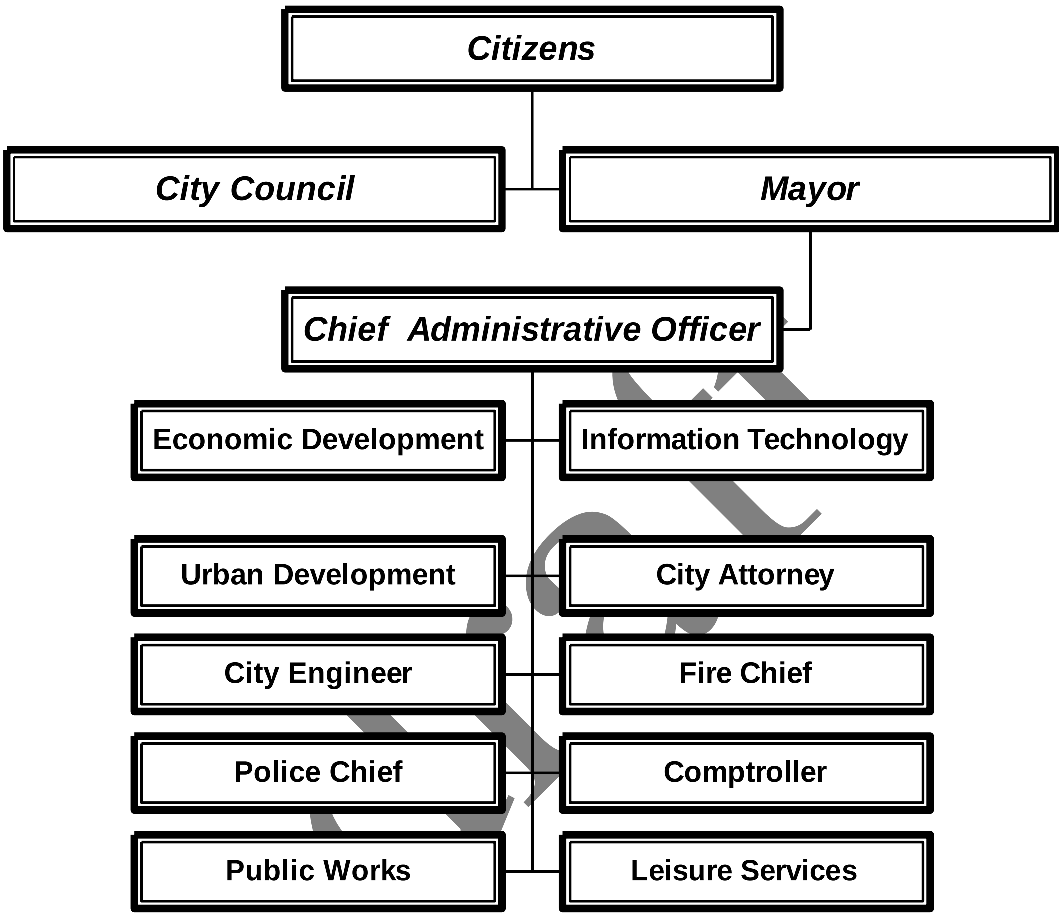
Acknowledgements

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

Respectfully submitted,

Linda Elias
Comptroller

CITY OF GULFPORT
ORGANIZATIONAL CHART



Appointed Officials

Chief Administrative Officer	**John Kelly**
Police Chief	**Leonard Papania**
Leisure Services Director	**David D'Aquilla**
Urban Dev Director	**Greg Pietrangelo**
City Clerk	**Linda Elias**
Economic Development Director	**David Parker**

General Counsel	**Hugh Keating**
City Attorney	**Jeff Bruni**
Fire Chief	**Michael Beyerstedt**
City Engineer	**Kris Riemann**
Public Works Director	**Wayne Miller**

CITY OF GULFPORT, MISSISSIPPI

Listing of City Officials as of September30, 2016

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

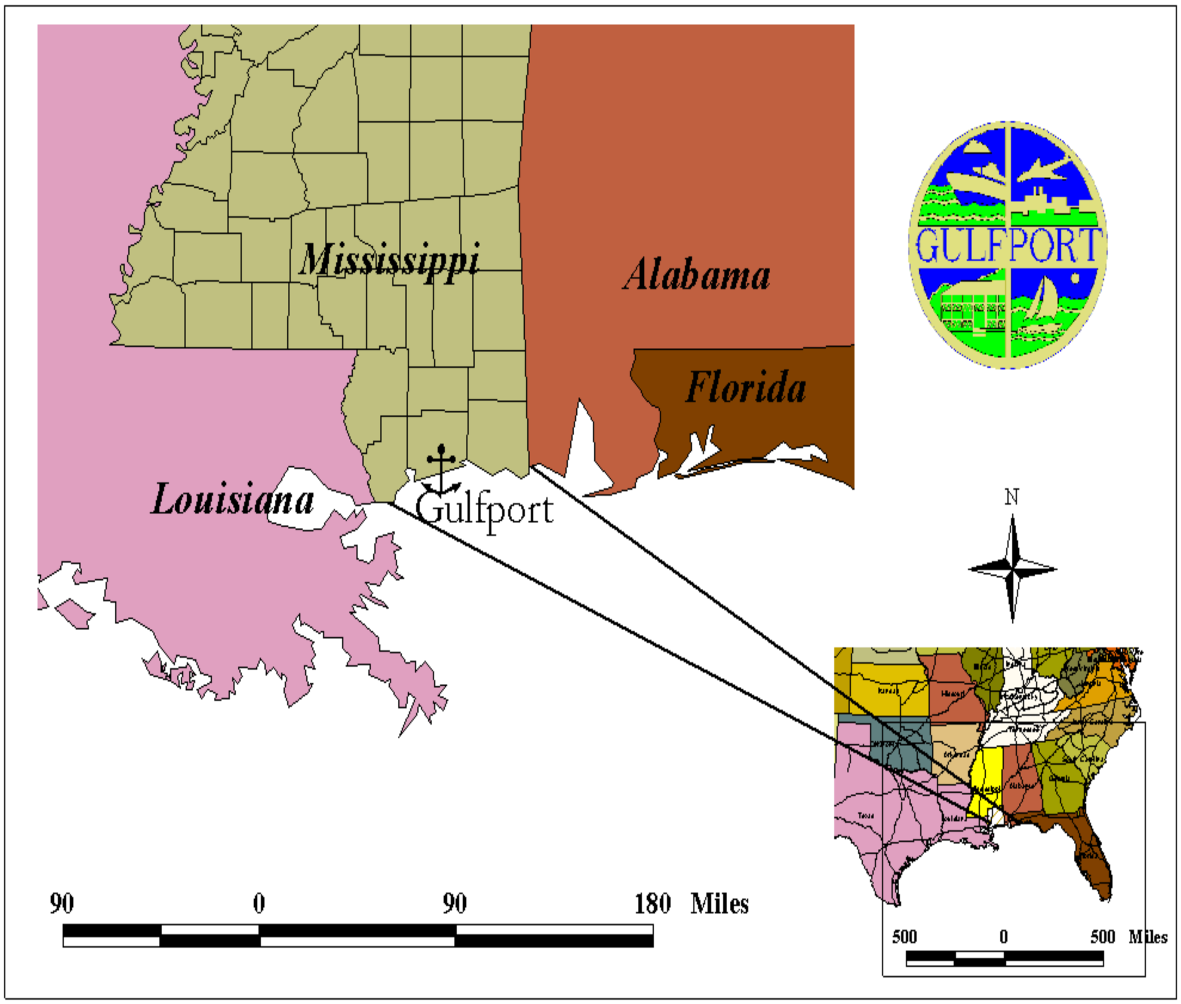
Robert “R.Lee” Flowers

Councilman, Ward 6

Cara Pucheu

Councilwoman, Ward 7

Geographic Location of Gulfport, Mississippi



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Gulfport

Mississippi

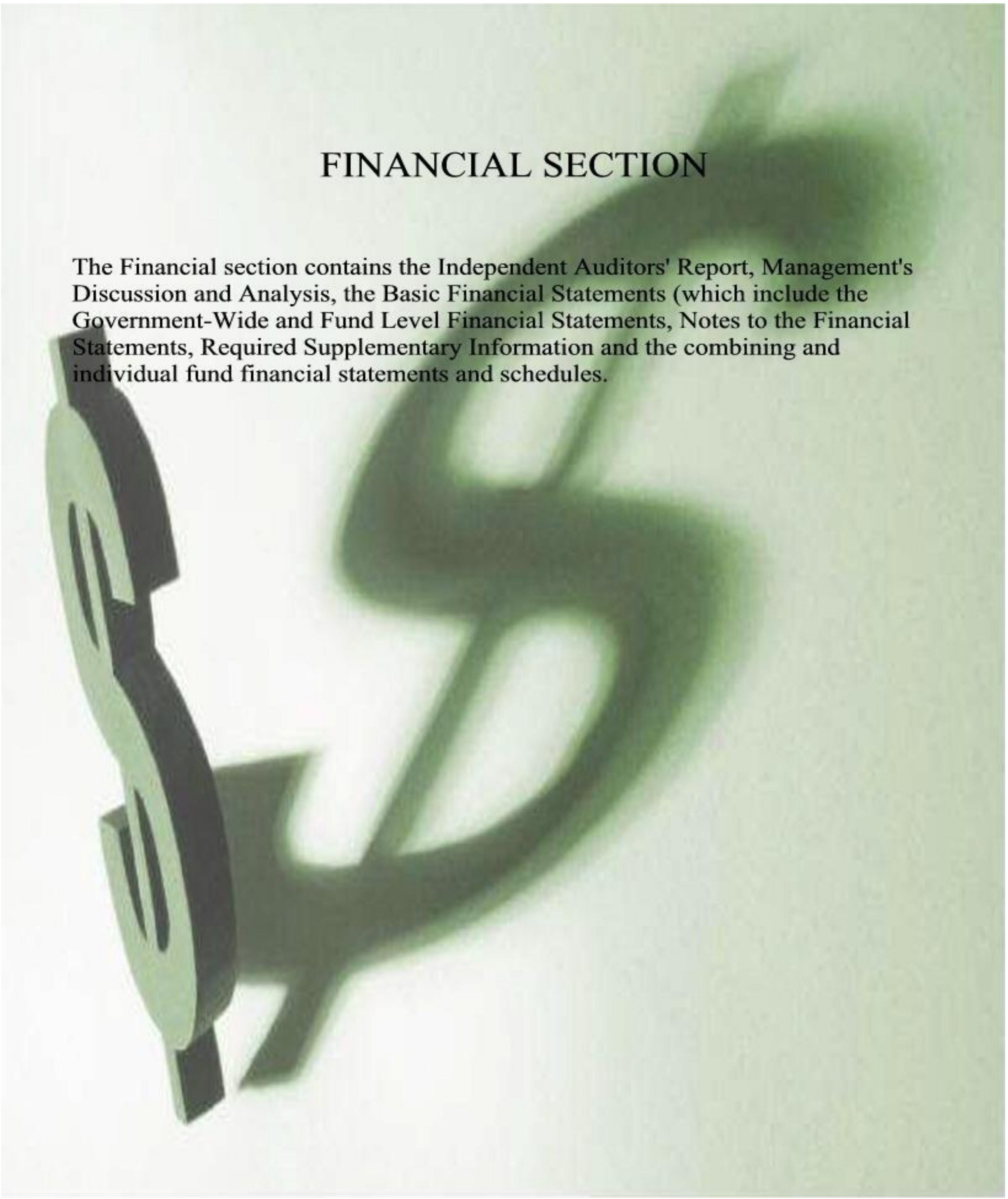
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2015

Jeffrey R. Emer

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

April 18, 2017

To Members of the 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, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government 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 the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures 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.

Unmodified 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 of Gulfport, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
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, Combining and Individual Fund Statements and Schedules, Other Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections 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 a separate report dated April 18, 2017, 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 in considering the City's internal control over financial reporting and compliance.

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 September30, 2016. 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 "black" with revenues exceeding operating expenditures and other sources by over $461 thousand.
- ✓ The City's General Fund's fund balance, which represents the difference between assets minus liabilities, increased during the year from $7.9 million in 2015 to $8.2 million in 2016.
- ✓ The City's total capital assets increased by $8.1 million or 1.4%; going from $561.5 million in 2015 to $569.6 million in 2016. Capital assets consist of land, buildings, infrastructure, machinery & equipment, and vehicles.
- ✓ The City's long-term debt outstanding decreased by $8 million, going from $131.1 million in 2015 to $123.1 million in 2016.

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 28-29 and 30, 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. 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 31 and provide detailed information about the City's most significant funds. Funds are accounting entities used to track specific funding sources and uses for particular programs. Individual funds are either established by law or set up for management purposes. Three separate statements are issued: one for activities that are of a governmental nature, a separate set of statements are contained for activities that are of a business like nature, and a separate set of statements are contained for activities that are of a fiduciary nature.

> Governmental Funds – Most of the City's basic services are reported in the governmental funds. Examples include activities relating to governmental funds are public safety, public works (non water and sewer), culture and recreation, urban development, capital projects, debt service and general administration. The financial statements of Governmental Funds are reported on the modified accrual basis – which measures cash and all other financial assets that can readily be converted to cash. Governmental statements provide a more detailed short-term view. 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 32-35.
>
> 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 – 42 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 separate statements in this report beginning on page 44.

Financial Analysis of the City as a Whole

Government-wide Statement of Net Position

	Governmental-type Activities		Business-type Actvities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	$ 66,976,327	$ 60,957,137	$ 16,753,358	$ 23,476,273	$ 83,729,685	$ 84,433,410
Capital assets, net	312,325,100	312,274,670	257,231,524	249,213,013	569,556,624	561,487,683
Total Assets	379,301,427	373,231,807	273,984,882	272,689,286	653,286,309	645,921,093
Deferred Outflows of Resources	12,444,803	8,294,217	1,974,386	2,017,392	14,419,189	10,311,609
Libilities						
Current liabilities	8,818,389	9,020,590	25,683,153	23,027,892	34,501,542	32,048,482
Noncurrent liabilities	122,820,668	117,727,185	64,956,778	71,246,610	187,777,446	188,973,795
Total liabilities	131,639,057	126,747,775	90,639,931	94,274,502	222,278,988	221,022,277
Deferred Inflows of Resources	24,649,837	25,477,424	79,294	140,537	24,729,131	25,617,961
Net Position						
Net Investment in Capital	284,125,550	269,973,076	187,635,987	164,552,076	471,761,537	434,525,152
Restricted	12,978,620	14,019,819	8,486	15,731,978	12,987,106	29,751,797
Unrestricted	(61,646,834)	(54,692,070)	(2,404,430)	7,585	(64,051,264)	(54,684,485)
Total Net Position	$ 235,457,336	$ 229,300,825	$ 185,240,043	$ 180,291,639	$ 420,697,379	$ 409,592,464

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 significantly from $409.6 million in 2015 to $420.7 million in 2016, while total assets increased $7.4 million from $645.9 million in 2015 to $653.3 million in 2016. Much of this increase is a result of increase in capital assets. Total liabilities increased by $1.3 million, from $221.0 million to $222.3 million. This increase in liabilities is mostly due to the net pension liability. 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 is $471.8 million which represents approximately over 112% of the City's total net position.

Current assets decreased by $703 thousand during the year from $84.4 million in 2015 to $83.7 million in 2016.

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 $6.1 million, from $373.2 million in 2015 to $379.3 million in 2016; while Current assets (cash, short term receivables, etc.) increased by $6.0 million; from $61.0 million to $67.0 million. The majority of this increase is a result of an increase in restricted cash. Total governmental activities liabilities increased $4.9 million from $126.7 million in 2015 to $131.6 million in 2016.

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 increased by $1.3 million; from $272.7 million in 2015 to $274.0 million in 2016, with current assets decreasing by $6.7 million, and capital assets increasing by $8.0 million.

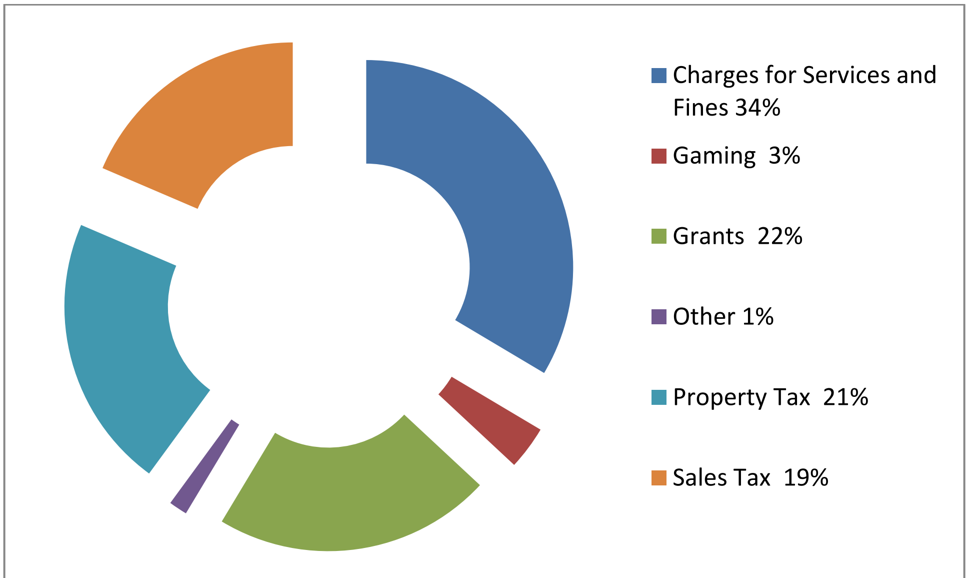
Government Wide Statement of Activities

	Governmental-type Activties		Business-type Actvities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for services	4,948,924	5,146,023	32,534,135	32,972,895	37,483,059	38,118,918
Operation grants					-	-
and contributions	2,499,445	3,221,880	-	-	2,499,445	3,221,880
Capital grants					-	-
and contributions	19,749,006	10,118,309	-	950,480	19,749,006	11,068,789
General Revenues					-	-
Property Taxes	23,887,484	23,522,538	-	-	23,887,484	23,522,538
Sales Taxes	20,751,725	20,523,996	-	-	20,751,725	20,523,996
Franchise	3,617,560	4,246,279	-	-	3,617,560	4,246,279
Gaming	3,793,035	3,656,859	-	-	3,793,035	3,656,859
Other	(899,796)	6,066,479	892,530	396,659	(7,266)	6,463,138
Transfers	(4,542,001)	-	4,542,001	-	-	-
Total Revenues	73,805,382	76,502,363	37,968,666	34,320,034	111,774,048	110,822,397
Program Expenses						
General government	9,457,333	9,984,277	-	-	9,457,333	9,984,277
Public safety	32,749,940	35,195,058	-	-	32,749,940	35,195,058
Public works	13,449,819	13,400,408	-	-	13,449,819	13,400,408
Economic development	5,151,915	3,777,350	890,413	1,072,180	6,042,328	4,849,530
Culture and recreation	6,337,334	8,178,271			6,337,334	8,178,271
Interest	1,213,855	1,262,659			1,213,855	1,262,659
Water and Sewer	-	-	30,727,118	31,522,039	30,727,118	31,522,039
Joseph T. Jones	-	-	1,488,774	1,580,391	1,488,774	1,580,391
Total Expenses	68,360,196	71,798,023	33,106,305	34,174,610	101,466,501	105,972,633
Change in Net Position	5,445,186	4,704,340	4,862,361	145,424	10,307,547	4,849,764
Net Position-beginning	229,300,825	303,868,534	180,291,639	180,969,791	409,592,464	484,838,325
Prior period adjustment	711,325	(79,272,049)	86,043	(823,576)	797,368	(80,095,625)
Net Position-beginning,						
restated	230,012,150	224,596,485	180,377,682	180,146,215	410,389,832	404,742,700
Net Position-ending	$ 235,457,336	$ 229,300,825	$ 185,240,043	$ 180,291,639	$ 420,697,379	$ 409,592,464

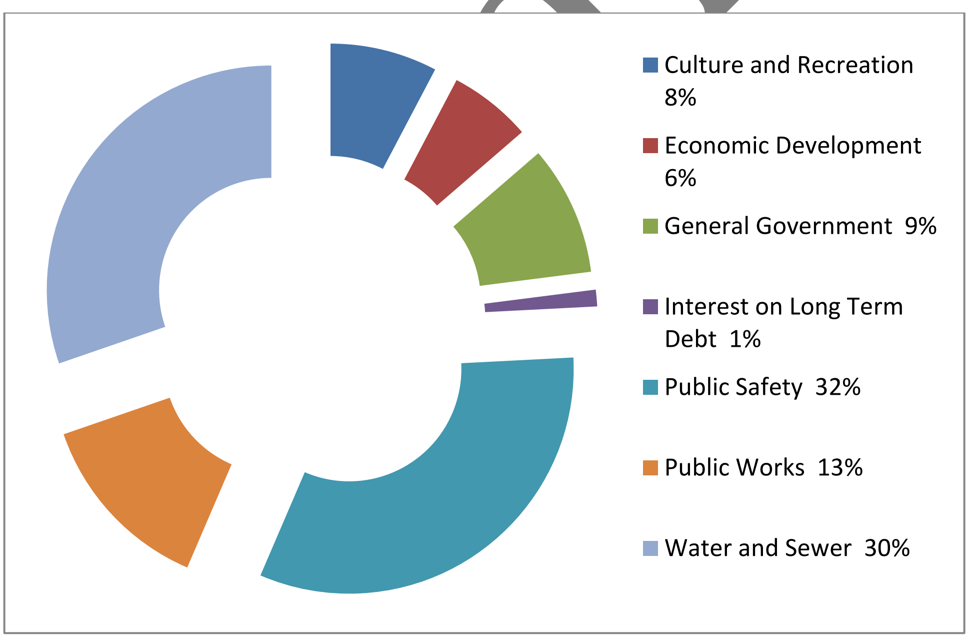
Note: The column entitled business type activities includes the City's Water and Sewer and the Joseph T. Jones Memorial Park, and a blended component unit presentation of the Gulfport Redevelopment Commission, an agent of the City.

Analysis of Government Wide Statement of Activities

Where Does The Money Come From?



Where Does the Money Go?



Revenues

The City's revenues exceeded expenses by $10.3 million for the 2016 year. With the near completion of hurricane recovery, federal grants are returning to pre-hurricane levels.

Property Tax – Property tax accounts for $23.9 million or 21% 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 $20.8 million or 19% of the City's total revenues. The City is beginning to recognize slow to moderate growth in Sales Taxes from the previous year.

Grants – The City received a total of $14.3 million in grants for the 2015 year as compared to $22.2 million in 2016. 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 $105.9 million in 2015 as compared to $101.5 million in 2016; representing a decrease of $3.7 million or 3.5%. This decrease is mainly attributed to public safety and cultural and recreation decreases.

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, 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	$ 9,457,333	$ 8,085,616
Public Safety	32,749,940	27,965,001
Public Works	13,449,819	8,672,736
Economic Development	5,151,915	-9,746,152
Culture and Recreation	6,337,334	4,971,765
Interest on long term debt	1,213,855	1,213,855
Total Governmental activities	$ 68,360,196	$ 41,162,821

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, economic development, and general government. The General Fund accounts for nearly 70.1% of the City's total revenues and 55.4% of the City's total expenditures. Overall, the General Fund's financial condition improved as compared to the previous year.

General Fund – Financial Summary

	2016	2015
Total Revenues	$ 55,063,106	$ 57,163,591
Total Expenditures	54,601,436	58,659,219
Excess (Deficit) of Revenues over Expenses	461,670	(1,495,628)
Other Financing Sources (Uses)	(130,208)	6,770,322
Fund Balance – Beginning Year	7,914,867	3,627,812
Prior Period Adjustment	0	(987,639)
Fund Balance – Ending Year	$ 8,246,329	$ 7,914,867

- ✓ The General Fund operated in the "black" by $461,670 for the 2016 year with revenues of $55.1 million and expenditures of $54.6 million. New initiatives continue to take place in upcoming annual budgets to balance ongoing expenditures to recurring revenues.
- ✓ General Fund assets increased by $529,977; from $32.6 million in 2015 to $33.2 million in 2016.

- ✓ The General Fund's unassigned fund balance increased from $7.9 million to $8.2 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 6.4% for year ending 2015 and 14.8% for year ending 2016. Based upon industry standards, it is recommended that governmental entities maintain approximately 15% in fund reserves and the city nearly meets that expectation.

- ✓ Total General Fund revenues decreased by 3.6% in 2016; from $57.2 million in 2015 to $55.1 million in 2016.

- ✓ Total General Fund expenditures decreased by 6.9% in 2016; from $58.7 million in 2016 to $54.6 million in 2016.

Community Development Program Fund – Financial Summary

	2016	2015
Total Revenues	$ 1,179,635	$ 2,190,480
Total Expenditures	1,731,293	2,178,596
Excess (Deficit) of Revenues over Expenses	(551,658)	11,884
Fund Balance – Beginning Year	(154,134)	221,348
Prior Period and GAAP Adjustments	-	(387,366)
Fund Balance – Ending Year	$(705,792)	$ (154,134)

- ✓ The Community Development Program Fund operated in the "red" by $551,658 for the 2016 year with revenues of $1.2 million and expenditures of $1.7 million.

- ✓ Community Development Program Fund assets decreased by $83,553; from $783,922 in 2015 to $700,369 in 2016.

Capital Projects Fund – Financial Summary

	2016	2015
Total Revenues	$ 17,948,081	$ 5,604,323
Total Expenditures	9,228,205	9,307,489
Excess (Deficit) of Revenues over Expenses	8,719,876	(3,703,166)
Other Financing Sources (Uses)	(1,284,828)	15,418,442
Fund Balance – Beginning Year	15,213,116	6,901,144
Prior Period Adjustment		(3,403,304)
Fund Balance – Ending Year	$ 22,648,164	$ 15,213,116

- ✓ The Capital Projects Fund operated in the "black" by $8.7 million for the 2016 year with revenues of $17.9 million and expenditures of $9.2 million.
- ✓ Capital Projects Fund assets increased by $7.2 million; from $16.6 million in 2015 to $23.8 million in 2016.

Debt Service Fund – Financial Summary

	2016	2015
Total Revenues	$ 4,517,164	$ 4,452,891
Total Expenditures	5,400,151	3,939,253
Excess (Deficit) of Revenues over Expenses	(882,987)	513,638
Other Financing Sources (Uses)	5,666	-
Fund Balance – Beginning Year	751,472	4,720,408
Prior Period Adjustments	-	(4,482,574)
Fund Balance – Ending Year	$ (125,849)	$ 751,472

- ✓ The Debt Service Fund operated in the "red" by $882,987 for the 2016 year with revenues of $4.5 million and expenditures of $5.4 million.
- ✓ Debt Service Fund assets decreased by $.1 million; from $1.8 million in 2015 to $1.7 million in 2016.

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, 2016 and 2015

	2016	2015
Operating Revenues	$ 32,210,463	$ 32,224,892
Operating Expenses	28,266,055	28,451,890
Operating income	3,944,408	3,773,002
Non Operating Items:		
Interest Expense	(2,333,045)	(2,701,173)
Other	355,035	235,858
Change in Net Position	$ 1,966,398	$ 1,307,687

- ✓ The City's water and sewer fund's operating income was $3.8 million in 2015 as compared to $3.9 million in 2016. 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 decreased by $14,429 while expenses decreased by $185,835 during 2016.

- ✓ The amount identified above as "Other" includes capital contributions from FEMA for replacement of the City's sanitary sewer and water systems along the coastline and contributions from developers who turned over assets to the City for perpetual maintenance. This amount is expected to begin a downward trend as the City's rebuilding efforts from Hurricane Katrina damages come to an end.

- ✓ The City issued bonds for the Water and Sewer Fund in the amount of $32.5 million in FYE 2015 with $14 million allocated to pay for Water and Sewer related upgrades and $18.5 million refunding bond. No new bonds were issued in FYE 2016.

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, 2016

	Original Budget	Revised Budget	Actual Amounts (Budget Basis)
Revenues:			
Property taxes	$ 18,350,000	$ 18,686,956	$ 18,686,956
Sales tax	20,639,350	20,699,362	20,699,362
Intergovernmental	2,300,000	2,043,970	2,043,970
Fines and forfeits	1,400,000	1,214,759	1,214,759
Gaming	3,350,000	3,712,765	3,712,765
Franchise, licenses & permits	5,277,000	4,773,967	4,773,967
Charges for services	2,584,796	2,137,271	2,137,271
Grants	1,597,310	1,300,133	1,300,133
Other	221,000	66,819	66,819
Total Revenues	$ 55,719,456	$ 54,636,002	$ 54,636,002
Expenditures:			
General government	8,427,072	10,656,390	10,656,390
Police	18,083,813	17,723,717	17,723,717
Fire	12,167,016	12,158,107	12,158,107
Public works	8,495,947	8,411,097	8,411,097
Economic development	2,159,339	2,015,629	2,015,629
Culture and recreation	6,332,131	5,953,281	5,953,281
Total Expenditures	55,665,318	56,918,218	55,918,218
Excess (Deficit) of Revenues over expenditures	$ (54,138)	$ 2,282,221	$ 2,282,221

The City amended its General Fund's Revenue and Expenditure budget many times over the year. At year end, the budget was adjusted to actual and approved by Council. Below is a brief description of major budget amendments.

- ✓ The revenue budget (original versus revised) was amended down by $1.1 million or less than 1%; the original budget of $55.7 million as compared to the revised budget of $54.6 million.

- ✓ The Expenditure Budget was increased by $1.2 million or 2%.
- ✓ Overall, the City's General Fund actual revenues for 2016 (budget basis) of $54.6million, $1.1 million change from the original budget detail are described below.
- ✓ Property tax revenues are $0.3 million below original budget.
- ✓ Gaming revenues are $0.4 million below original budget.
- ✓ Court fines and forfeitures are $0.4 million below original budget.
- ✓ Grant and intergovernmental revenues are $0.5 million below original budget.
- ✓ Charges for services are $0.4 below original budget

The City's General Fund actual expenditures exceeded its original budgeted expenditures by a $1.2 million, a 2% change. While some departments exceeded their original budgets, others decreased expenditures from the original budget resulting in the less than 2% overall budget change from original to final budget.

Capital Assets and Debt Administration

Capital Assets

Schedule of Capital Assets (Net of Depreciation)

	Governmental-type Activties		Business-type Actvities		Total	
	2016	2015	2016	2015	2016	2015
Land and						
Construction in progress	42,152,135	46,403,628	36,303,922	27,952,229	78,456,057	74,355,857
Buildings	61,179,414	62,737,466	5,992,323	6,405,811	67,171,737	69,143,277
Improvements and					-	-
Infrastructure	199,396,239	194,529,508	212,044,170	213,250,797	411,440,409	407,780,305
Machinery & Equipment	3,230,249	2,599,996	2,254,539	925,593	5,484,788	3,525,589
Capital leases	1,810,495	1,963,875	278,308	340,494	2,088,803	2,304,369
Vehicles	4,556,568	4,040,197	358,262	338,089	4,914,830	4,378,286
Totals	312,325,100	312,274,670	257,231,524	249,213,013	569,556,624	561,487,683

The above table represents the values (net of depreciation) of the City's various classes of assets. The ending 2016 asset values were estimated at $569.6 million and included a wide range of assets: land, buildings, parks, roads, bridges, drainage systems, machinery, vehicles, and water and sewer systems. Asset values increased by $8.1 million or 1.4% (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

Depreciation expense for the 2016 year totaled $7.4 million and was allocated to the following classes of assets:

Allocation of Depreciation by Major Asset Class

Buildings	$ 1,558,052
Impovements other than Buildings	1,090,895
Machinery and Equipment	784,339
Vehicles	551,081
Infrastructure (roads, bridges, drainage, water & sewer system, etc.)	3,427,880
Total Depreciation	$ 7,412,247

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 - $10.1 million

Debt Administration

Schedule of Long Term Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Bonds payable	36,212,689	40,093,607	80,873,219	53,544,410	117,085,908	93,638,017
Notes payable		-		32,516,050	-	32,516,050
Capital leases payable	3,319,482	2,467,872	360,664	252,861	3,680,146	2,720,733
Compensated absences	2,273,694	2,150,544	57,907	50,518	2,331,601	2,201,062
Net pension liability	83,028,232	73,024,884	3,000,900	2,272,785	86,029,132	75,297,669
Claims and judgements	27,000	29,000	-		27,000	29,000
Liability for self insurance	2,855,387	3,977,361	-		2,855,387	3,977,361
Total	127,716,484	121,743,268	84,292,690	88,636,624	212,009,174	210,379,892

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

Current Known Facts Effecting Future Financial Issues

1. 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 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.

2. Asset / Infrastructure deterioration

✓ The City's book value of its capital assets exceeds $569.6 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 $7.4 million for governmental activities and $6.2 million for business-type activities. 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.

✓ Perhaps the single most important challenge facing this City will be addressing "serious" water and sewer infrastructure needs. The City Engineer previously identified approximately $117 million in needed water improvements and $49.2 in needed sewer improvements. These improvements began 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. $14 million of the bond issue was allocated for Water and Sewer infrastructure upgrades and improvements. In addition, water and sewer rate increases recommended in the 12 year Water and Sewer Capital Master Plan were approved in 2015 and have been implemented beginning in FYE 2016.

3. General Fund – Low Cash Reserves "Rainy Day Fund"

The General Fund's "rainy day" cash decreased from $4.9 million in 2015 to $2.2 million in 2016. 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 $8.5 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.

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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash	$ 6,038,473	$ 520,111	$ 6,558,584
Receivables, net	29,366,896	3,347,030	32,713,926
Court fines receivable, net	3,336,724	-	3,336,724
Inventory	-	10,236	10,236
Due from other governments	2,846,143	-	2,846,143
Internal balances	738,246	(738,246)	-
Prepaid insurance	900,433	-	900,433
Land deposits	-	13,743	13,743
Restricted assets:			
Cash and cash equivalents	23,749,412	12,649,873	36,399,285
Investment	-	950,611	950,611
Total current assets	66,976,327	16,753,358	83,729,685
Noncurrent Assets			
Capital assets:			
Land and construction in progress	42,152,135	36,303,922	78,456,057
Other capital assets, net of accumulated depreciation			
Buildings	61,179,414	5,992,323	67,171,737
Improvements and infrastructure	199,396,239	212,044,170	411,440,409
Machinery and equipment	3,230,249	2,254,539	5,484,788
Vehicles	4,556,568	358,262	4,914,830
Equipment under capital leases	1,810,495	278,308	2,088,803
Total other capital assets, net of accumulated depreciation	270,172,965	220,927,602	491,100,567
Total noncurrent assets	312,325,100	257,231,524	569,556,624
Total assets	379,301,427	273,984,882	653,286,309
Deferred Outflows of Resources			
Deferred amounts on refunding	233,466	1,499,595	1,733,061
Deferred amounts on pensions	12,211,337	474,791	12,686,128
Total deferred outflows of resources	12,444,803	1,974,386	14,419,189
Total Assets and Deferred Outflows of Resources	$ 391,746,230	$ 275,959,268	$ 667,705,498

(continued next page)

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

CITY OF GULFPORT, MISSISSIPPI
Statement of Net Position
September 30, 2016

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	2,712,237	3,331,156	6,043,393
Accrued interest	449,693	553,766	1,003,459
Sales tax payable	-	11,262	11,262
Accrued wages payable	691,740	25,240	716,980
Retainage payable	68,903	130,383	199,286
Unearned revenue	-	26,341	26,341
Bonds payable	3,252,318	5,091,022	8,343,340
Notes payable	-	14,074,310	14,074,310
Leases payable	526,336	138,810	665,146
Compensated absences	1,117,162	31,770	1,148,932
Payable from restricted assets:			
Customer deposits	-	2,269,093	2,269,093
Total current liabilities	8,818,389	25,683,153	34,501,542
Noncurrent Liabilities			
Liability for self-insurance claims	2,855,387	-	2,855,387
Bonds payable	32,960,371	43,450,966	76,411,337
Notes payable	-	18,256,921	18,256,921
Leases payable	2,793,146	221,854	3,015,000
Net pension liability	83,028,232	3,000,900	86,029,132
Compensated absences	1,156,532	26,137	1,182,669
Death benefit claims	27,000	-	27,000
Total noncurrent liabilities	122,820,668	64,956,778	187,777,446
Total liabilities	131,639,057	90,639,931	222,278,988
Deferred Inflows of Resources			
Deferred property tax revenue	24,422,540	-	24,422,540
Deferred amounts on refunding	-	69,823	69,823
Deferred amounts on pensions	227,297	9,471	236,768
Total deferred inflows of resources	24,649,837	79,294	24,729,131
Net Position			
Net investment in capital assets	284,125,550	187,635,987	471,761,537
Restricted - Nonspendable	900,433	8,486	908,919
Restricted for:			
Public safety	1,033,210	-	1,033,210
Culture and recreation	160,591	-	160,591
Capital projects	10,884,386	-	10,884,386
Unrestricted	(61,646,834)	(2,404,430)	(64,051,264)
Total net position	$ 235,457,336	$ 185,240,043	$ 420,697,379
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 391,746,230	$ 275,959,268	$ 667,705,498

(concluded)

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

CITY OF GULFPORT, MISSISSIPPI

Statement of Activities

For Year Ended September 30, 2016

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	$ 9,457,333	$ 1,326,909	$ -	$ 44,808	$ (8,085,616)		$ (8,085,616)
Public safety	32,749,940	1,651,228	1,380,866	1,752,845	(27,965,001)		(27,965,001)
Public works	13,449,819	-	-	4,777,083	(8,672,736)		(8,672,736)
Economic development	5,151,915	1,279,488	1,118,579	12,500,000	9,746,152		9,746,152
Culture and recreation	6,337,334	691,299	-	674,270	(4,971,765)		(4,971,765)
Interest	1,213,855	-	-	-	(1,213,855)		(1,213,855)
Total governmental activities	68,360,196	4,948,924	2,499,445	19,749,006	(41,162,821)		(41,162,821)
Business-type activities:							
Water and Sewer	30,727,118	31,673,688	-	-		$ 946,570	946,570
Joseph T. Jones Park	1,488,774	716,627	-	-		(772,147)	(772,147)
Gulfport Redevelopment Commission	890,413	143,820	-	-		(746,593)	(746,593)
Total business - type activities	33,106,305	32,534,135	-	-			
Total	$ 101,466,501	$ 37,483,059	$ 2,499,445	$ 19,749,006		(572,170)	(41,734,991)
General revenues:							
Property taxes, levied for general purposes					18,711,363	-	18,711,363
Property taxes, levied for special purposes					5,176,121	-	5,176,121
Sales taxes					20,751,725	-	20,751,725
Franchise taxes					3,617,560	-	3,617,560
Gaming fees					3,793,035	-	3,793,035
Grants and contributions not restricted to specific programs					1,506,240	-	1,506,240
Earnings on investments					63,933	13,603	77,536
Other					180,985	878,927	1,059,912
Loss on sale and disposal of assets					(2,650,954)	-	(2,650,954)
Capital transfers					(1,915,564)	1,915,564	-
Operating transfers					(2,626,437)	2,626,437	-
Total general revenues, special items and transfers					46,608,007	5,434,531	52,042,538
Change in net position					5,445,186	4,862,361	10,307,547
Net position - beginning of year, as previously stated					229,300,825	180,291,639	409,592,464
Prior period adjustments					711,325	86,043	797,368
Net position - beginning of year, restated					230,012,150	180,377,682	410,389,832
Net position - end of year					$ 235,457,336	$ 185,240,043	$ 420,697,379

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

Governmental Fund Financial Statements

General Fund (major 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.

Capital Projects Fund (major 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

Non-major Governmental Funds are presented by fund type in the supplemental section.

CITY OF GULFPORT, MISSISSIPPI

Governmental Funds
Balance Sheet
September 30, 2016

	Major Funds		Non-major	Total
	General Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	$ 2,207,494	$ 80,268	$ 872,297	$ 3,160,059
Receivables:				
Property tax	19,122,978	-	5,513,378	24,636,356
Sales taxes	3,378,695	-	-	3,378,695
Franchise taxes	995,291	-	-	995,291
Gaming fees	356,554	-	-	356,554
Intergovernmental receivable	241,682	915,221	1,689,240	2,846,143
Court fines & fees	3,336,724	-	-	3,336,724
Due from other funds	3,359,002	261,361	738,412	4,358,775
Restricted assets:				
Cash and cash equivalents	160,591	22,502,216	1,086,605	23,749,412
Total assets	$ 33,159,011	$ 23,759,066	$ 9,899,932	$ 66,818,009
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ 1,522,133	$ 801,908	$ 357,622	$ 2,681,663
Retainage payable	-	68,903	-	68,903
Accrued wages payable	687,328	-	4,412	691,740
Due to other funds	410,296	240,091	2,856,634	3,507,021
Total liabilities	2,619,757	1,110,902	3,218,668	6,949,327
Deferred inflows of resources:				
Deferred property tax revenue	18,956,201	-	5,466,339	24,422,540
Deferred court fine revenue	3,336,724	-	-	3,336,724
Total deferred inflows of resources	22,292,925	-	5,466,339	27,759,264
Fund balances:				
Restriced for:				
Public safety	-	-	1,033,210	1,033,210
Culture and recreation	160,591	-	-	160,591
Capital projects	-	21,391,314	1,013,356	22,404,670
Debt service	-	-	-	-
Committed for:				
Capital projects	-	1,256,850	-	1,256,850
Unassigned	8,085,738	-	(831,641)	7,254,097
Total fund balances	8,246,329	22,648,164	1,214,925	32,109,418
Total liabilities, deferred inflows of resources and fund balances	$ 33,159,011	$ 23,759,066	$ 9,899,932	$ 66,818,009

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

CITY OF GULFPORT, MISSISSIPPI

Governmental Funds

Reconciliation of Balance Sheet to Statement of Net Position

September 30, 2016

Total governmental funds balance		**$ 32,109,418**
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Governmental capital assets	$ 457,048,687	
Less: accumulated depreciation	(144,723,587)	312,325,100
Long-term liabilities are not due and payable in the current period expenditures and therefore are not reported in the governmental funds.		
Bonds payable	(34,795,000)	
Capital leases payable	(3,319,482)	
Compensated absences	(2,273,694)	
Claims payable	(27,000)	(40,415,176)
Governmental funds report the effect of discounts, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Bond premium	(1,417,689)	
Deferred amounts on refunding	233,466	(1,184,223)
Other long term assets are not available to pay or current period expenditures and therefore are deferred in the funds.		
Court fines receivable		3,336,724
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability		(83,028,232)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	12,211,337	
Deferred inflows of resources related to pensions	(227,297)	11,984,040
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	3,778,847	
Current liabilities	(30,574)	
Internal balances	(113,508)	
Estimated claims payable	(2,855,387)	779,378
Accrued interest not due and payable in the current period expenditures and, therefore, not reported in the funds.		(449,693)
Net position of governmental activities		**$ 235,457,336**

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

CITY OF GULFPORT, MISSISSIPPI

Governmental Funds
Statement of Revenue, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2016

	General Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 18,711,363	$ -	$ 5,176,121	$ 23,887,484
Sales tax	20,751,725	-	-	20,751,725
Franchise taxes	3,617,560	-	-	3,617,560
Gaming fees	3,793,035	-	-	3,793,035
Licenses and permits	1,011,280	-	-	1,011,280
Intergovernmental	3,550,357	17,874,403	3,085,073	24,509,833
Charges for services	2,146,206	-	-	2,146,206
Fines and fees	1,159,849	-	-	1,159,849
Interest income	5,392	56,178	2,363	63,933
Lease revenue	152,110	-	-	152,110
Miscellaneous	164,229	17,500	-	181,729
Total revenues	55,063,106	17,948,081	8,263,557	81,274,744
Expenditures				
General government	8,014,244	-	-	8,014,244
Public safety	28,257,793	-	903,962	29,161,755
Public works	8,219,646	-	-	8,219,646
Economic development	2,028,679	-	1,082,977	3,111,656
Culture and recreation	5,513,336	-	613,623	6,126,959
Capital outlay	2,567,738	9,228,205	1,552,472	13,348,415
Debt service:				
Principal	-	-	4,034,538	4,034,538
Interest	-	-	1,357,116	1,357,116
Other debt service costs	-	-	8,497	8,497
Total expenditures	54,601,436	9,228,205	9,553,185	73,382,826
Excess (deficiency) of revenues over expenditures	461,670	8,719,876	(1,289,628)	7,891,918
Other Financing Sources (Uses)				
Transfers in	-	-	569,812	569,812
Transfers out	(208,327)	(2,448,776)	(539,146)	(3,196,249)
Lease proceeds	-	1,163,948	-	1,163,948
Sale of capital assets	78,119	-	219	78,338
Total other financing sources (uses)	(130,208)	(1,284,828)	30,885	(1,384,151)
Net change in fund balances	331,462	7,435,048	(1,258,743)	6,507,767
Fund balances-beginning	7,914,867	15,213,116	2,473,668	25,601,651
Fund balances-ending	$ 8,246,329	$ 22,648,164	$ 1,214,925	$ 32,109,418

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

CITY OF GULFPORT, MISSISSIPPI

Governmental Funds

Reconciliation of Statement of Revenues, Expenditures and Changes

in Fund Balances to the Statement of Activities

For the Year Ended September 30, 2016

Net Change in Fund Balances - total governmental funds		**6,507,767**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlay	13,348,415	
Depreciation	(7,412,247)	5,936,168
Proceeds from the sale of capital assets are recorded as other sources of income in the Statement of Revenues, Expenditures and Changes in Fund Balances, however, these proceeds are offset by disposal of assets to show gains or losses from the sale of capital assets in the Statement of Activities.		(2,729,292)
Capital assets transferred to other governmental units are not recorded in Statement of Revenues, Expenditures and Changes in Fund Balance, however, these transfers are reflected in the Statement of Activities		(3,156,446)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt retirement	4,034,538	
Debt issuance	(1,163,948)	
Death claims paid	2,000	
Bond premiums amortization	158,718	
Deferred amounts on bond refunding amortization	(26,419)	3,004,889
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities under the full accrual basis of accounting.		(276,407)
Pension expense and other related activity do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Pension expense		(5,776,280)
Contributions after the measurement date		1,158,037
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	-	
Accrued interest payable		19,459
Compensated absences		(123,150)
Internal service funds are used by management to charge the cost of certain activities, such as insurance costs and risk management, to individual funds.		880,441
Change in net position of governmental activities		**$ 5,445,186**

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

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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 Fund (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 Department of Veteran Affairs in 2009.

Internal Service Funds are presented in the supplemental section.

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds
Statement of Net Position
September 30, 2016

	Business-type Activities				Governmental Activities
		Non-major Funds			
	Water and Sewer Fund	Joseph T. Jones Park Fund	Gulfport Redevelopment Commission	Total Business-type Activities	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 296,273	$ 157,883	$ 65,955	$ 520,111	$ 2,878,414
Accounts receivable, net	3,247,727	24,136	75,167	3,347,030	-
Inventory	-	10,236	-	10,236	-
Due from other funds	240,091	-	-	240,091	135,000
Land deposits	-	-	13,743	13,743	-
Restricted assets:					
Cash and cash equivalents	12,648,124	1,749	-	12,649,873	-
Investment	950,611	-	-	950,611	-
Prepaid insurance	-	-	-	-	900,433
Total current assets	17,382,826	194,004	154,865	17,731,695	3,913,847
Noncurrent assets:					
Capital assets:					
Land	671,312	539,180	28,460,834	29,671,326	-
Construction in progress	4,070,849	-	2,561,747	6,632,596	-
Buildings	-	2,490,651	5,105,150	7,595,801	-
Improvements and infrastructure	259,409,314	23,646,553	-	283,055,867	-
Machinery and equipment	2,338,756	1,661,496	-	4,000,252	-
Vehicles	2,910,797	64,935	-	2,975,732	-
Equipment under capital leases	494,418	-	-	494,418	-
Less: accumulated depreciation	(71,644,022)	(4,426,230)	(1,124,216)	(77,194,468)	-
Total noncurrent assets	198,251,424	23,976,585	35,003,515	257,231,524	-
Total assets	215,634,250	24,170,589	35,158,380	274,963,219	3,913,847
Deferred Outflows of Resources					
Deferred amounts on refunding	1,499,595	-	-	1,499,595	-
Deferred amounts on pensions	394,077	80,714	-	474,791	-
Total deferred outflows of resources	1,893,672	80,714	-	1,974,386	-
Total Assets and Deferred Outflows of Resources	$ 217,527,922	$ 24,251,303	$ 35,158,380	$ 276,937,605	$ 3,913,847

(continued next page)

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

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds
Statement of Net Position (Continued)
September 30, 2016

	Business-type Activities				Governmental Activities
		Non-major Funds			
	Water and Sewer Fund	Joseph T. Jones Park Fund	Gulfport Redevelopment Commission	Total Business-type Activities	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts payable	2,249,945	45,909	1,035,302	3,331,156	30,574
Accrued interest	550,421	-	3,345	553,766	-
Sales tax payable	11,074	188	-	11,262	-
Accrued wages payable	19,822	5,418	-	25,240	-
Retainage payable	130,383	-	-	130,383	-
Due to other funds	724,477	253,860	-	978,337	248,508
Liability for self-insurance claims	-	-	-	-	2,855,387
Unearned revenue	-	26,341	-	26,341	
Bonds payable	5,091,022	-	-	5,091,022	-
Notes payable	1,725,396	-	12,348,914	14,074,310	-
Leases payable	138,810	-	-	138,810	-
Compensated absences	26,815	4,955	-	31,770	
Customer deposits	2,264,543	4,550	-	2,269,093	-
Total current liabilities	12,932,708	341,221	13,387,561	26,661,490	3,134,469
Noncurrent liabilities:					
Bonds payable	43,450,966	-	-	43,450,966	-
Notes payable	18,256,921	-	-	18,256,921	-
Leases payable	221,854	-	-	221,854	-
Net pension liability	2,490,747	510,153	-	3,000,900	-
Compensated absences	21,377	4,760	-	26,137	-
Total noncurrent liabilities	64,441,865	514,913	-	64,956,778	-
Total liabilities	77,374,573	856,134	13,387,561	91,618,268	3,134,469
Deferred Inflows of Resources					
Deferred amounts on refunding	69,823	-	-	69,823	-
Deferred amounts on pensions	7,861	1,610	-	9,471	-
Total deferred inflows of resources	77,684	1,610	-	79,294	-
Net Position					
Net investment in capital assets	141,004,801	23,976,585	22,654,601	187,635,987	-
Nonspendable					
Inventory	-	8,486	-	8,486	-
Unrestricted	(929,136)	(591,512)	(883,782)	(2,404,430)	779,378
Total net position	140,075,665	23,393,559	21,770,819	185,240,043	779,378
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 217,527,922	$ 24,251,303	$ 35,158,380	$ 276,937,605	$ 3,913,847

(concluded)

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

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds
Statement of Revenue, Expenses and Change in Net Position
For the Year Ended September 30, 2016

	Business-type Activities				Governmental Activities
		Non-major Funds			
	Water and Sewer Fund	Joseph T. Jones Park Fund	Gulfport Redevelopment Commission	Total Business-type Activities	Internal Service Funds
Operating Revenues					
Charges for services	$ 31,673,688	$ 716,627	$ 143,820	$ 32,534,135	$ -
Employee contributions	-	-	-	-	1,147,614
Retiree contributions	-	-	-	-	250,919
Employer contributions	-	-	-	-	7,370,586
Insurance claim reimbursements	-	-	-	-	1,163,829
Miscellaneous	536,775	342,152	-	878,927	10,236
Total operating revenues	32,210,463	1,058,779	143,820	33,413,062	9,943,184
Operating Expenses					-
Personnel services	1,564,876	256,211	-	1,821,087	-
Contractual services	17,538,747	269,844	353,326	18,161,917	-
Materials and supplies	2,662,243	343,965	-	3,006,208	-
Administrative expenses	1,175,796	50,000	2,770	1,228,566	593,751
Premium payments	-	-	-	-	2,337,737
Claims and estimate changes	-	-	-	-	6,132,915
Depreciation expense	5,324,393	568,754	361,849	6,254,996	-
Total operating expenses	28,266,055	1,488,774	717,945	30,472,774	9,064,403
Operating income (loss)	3,944,408	(429,995)	(574,125)	2,940,288	878,781
Non-operating Revenues (Expenses)					
Interest income	13,573	30	-	13,603	1,660
Interest expense	(2,333,045)	-	(172,468)	(2,505,513)	-
Transfers in	-	1,240,881	1,385,556	2,626,437	-
Other debt service costs	(128,018)	-	-	(128,018)	-
Total non-operating revenues (expenses)	(2,447,490)	1,240,911	1,213,088	6,509	1,660
Income (loss) before contributions	1,496,918	810,916	638,963	2,946,797	880,441
Capital contributions	469,480	805,378	640,706	1,915,564	-
Change in net position	1,966,398	1,616,294	1,279,669	4,862,361	880,441
Total net position--beginning	138,109,267	21,777,265	20,405,107	180,291,639	(101,063)
Prior period adjustment	-	-	86,043	86,043	-
Total net position--beginning, as restated	138,109,267	21,777,265	20,491,150	180,377,682	(101,063)
Total net position--ending	$ 140,075,665	$ 23,393,559	$ 21,770,819	$ 185,240,043	$ 779,378

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

CITY OF GULFPORT, MISSISSIPPI
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2016

	Business-type Activities				Governmental Activities
		Non-major Funds			
	Water and Sewer Fund	Joseph T. Jones Park Fund	Gulfport Redevelopment Commission	Total Business-type Activities	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers	$ 32,713,334	$ 690,592	$ 266,923	$ 33,670,849	$ -
Cash received from other operating receipts	536,775	342,152	-	878,927	10,236
Cash received from employees and others	-	-	-	-	1,398,533
Cash received from insurance claims	-	-	-	-	1,163,829
Cash received from employer contributions	-	-	-	-	7,370,586
Payments to employees	(565,730)	(264,977)	-	(830,707)	-
Payments to suppliers	(2,662,243)	(345,715)	-	(3,007,958)	-
Payments for contractual services	(17,647,718)	(254,875)	432,846	(17,469,747)	(10,099,612)
Payments for other goods and services	(1,175,796)	(50,000)	-	(1,225,796)	-
Net cash provided by (used) in operating activities	11,198,622	117,177	699,769	12,015,568	(156,428)
Cash flows from non-capital financing activities:					
Loans from (to) other funds	88,545	36,435	-	124,980	544,714
Net cash provided by non-capital financing activities	88,545	36,435	-	124,980	544,714
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(7,707,443)	-	(1,704,532)	(9,411,975)	-
Loss on disposal of capital asset	57,603	-		57,603	-
Proceeds from debt	-	-	2,357,078	2,357,078	-
Principal payments on debt	(6,315,484)	-	(846,410)	(7,161,894)	-
Interest paid on debt	(3,009,068)	-	(539,146)	(3,548,214)	-
Net cash provided by (used) in capital financing activities	(16,974,392)	-	(733,010)	(17,707,402)	-
Cash flows from investing activities:					
Interest received	13,573	30	-	13,603	1,660
Net cash provided by investing activities	13,573	30	-	13,603	1,660
Net increase in cash and cash equivalents	(5,673,652)	153,642	(33,241)	(5,553,251)	389,946
Cash and cash equivalents - October 1	18,618,049	5,990	99,196	18,723,235	2,488,468
Cash and cash equivalents - September 30	$ 12,944,397	$ 159,632	$ 65,955	$ 13,169,984	$ 2,878,414
Classified as:					
Current assets	$ 296,273	$ 157,883	$ 65,955	$ 520,111	$ 2,878,414
Restricted assets	12,648,124	1,749	-	12,649,873	-
	$ 12,944,397	$ 159,632	$ 65,955	$ 13,169,984	$ 2,878,414
Non-cash investing and financing activities					
Transfer of land from governmental	$ 469,480	$ 591,698	$ 640,706	$ 1,701,884	$ -
Transfer of infrastructure from governmental	-	-	-	-	-
Total non-cash investing and financing	$ 469,480	$ 591,698	$ 640,706	$ 1,701,884	$ -

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

CITY OF GULFPORT, MISSISSIPPI

Proprietary Funds

Statement of Cash Flows (Continued)

For the Year Ended September 30, 2016

	Business-type Activities				Governmental Activities
		Non-major Funds			
	Water and Sewer Fund	Joseph T. Jones Park Fund	Gulfport Redevelopment Commission	Total Business-type Activities	Internal Service Funds
Operating income (loss)	$ 3,944,408	$ (429,995)	$ (574,125)	$ 2,940,288	$ 878,781
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	5,324,393	568,754	361,849	6,254,996	-
Depreciation					
(Increase) decrease in assets:					
Accounts receivable	984,033	(23,793)	123,103	1,083,343	-
Other receivables	-	-		-	-
Inventory	-	(1,750)		(1,750)	-
Prepaid expenses	-	-	4,769	4,769	59,543
Land deposits	-	-	(8,743)		
Increase (decrease) in liabilities:					
Accounts payable	(128,793)	14,969	792,916	679,092	27,222
Sales tax payable	(68,771)	(2,642)	-	(71,413)	-
Wages payable	19,822	-	-	19,822	-
Net pension liability	118,831	2,166	-	120,997	-
Liability for self-insurance claims	873,025	(11,031)	-	861,994	(1,121,974)
Leases payable	-	-	-	-	
Customer deposits	124,384	400	-	124,784	-
Compensated absences payable	7,290	99	-	7,389	-
Net cash provided (used) by operating activities	$ 11,198,622	$ 117,177	$ 699,769	$ 12,024,311	$ (156,428)

(concluded)

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

Fiduciary Fund
Financial Statements

Fiduciary Funds are used to report resources held by the 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, 2016

		Total
Assets		
Cash and cash equivalents	$	334,030
Assets held for disposal		54,350
Total assets	$	388,380
Liabilities		
Assets held in trust		388,380
Total liabilities	$	388,380

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

Notes to the Financial Statements

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 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).

Component Unit Disclosure

The criteria for including component unit information with the primary government consist of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion 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 the 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 its five-member board of commissioners is appointed by the mayor and confirmed by the council of the City of Gulfport. Its sole purpose is to promote and facilitate the urban renewal and development of certain parcels of real property, improvements or other assets or projects as they may be designated from time to time by the City. The Gulfport Redevelopment Commission provides services solely to the City and is reported as an enterprise fund using the blended method.

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.

Joint Ventures and Jointly Governed Organizations

Management of the City has identified two joint ventures with the City (Harrison County Utility Authority and Memorial Hospital at Gulfport) and two jointly governed organizations with the City (Harrison County Library System and Gulfport-Biloxi Regional Airport Authority).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

See Note 14 for more information regarding 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 statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities; however, Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. 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 fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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 funds:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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 personal 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 which are agency funds that account for resources held by the City in a custodial capacity for other governments, private organizations, or individuals. In addition these funds report for the assets seized by a multi-jurisdictional narcotics task force which are held for final disposition before distribution to participating agencies.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position and the operating statements present increases (revenues) and decreases (expenses) in net total position. 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. 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. 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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement No. 34 sets forth the minimum criteria for the determination of major funds. The non-major funds are combined in one column in the fund financial statements and detailing in the combining section.

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the 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 non-operating revenues and expenses.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Cash with fiscal agents, along with various investments, are components of an investment account maintained by a fiscal agent. Cash with fiscal agents is that minor portion of the account which is not invested or any particular moment in time. This amount represents the residual cash that the fiscal agent does not have tied up in investment at September 30.

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 recorded at fair value in accordance with GASB Statement No. 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. <u>Receivables</u>

All trade receivables are shown net of an allowance for uncollectible accounts. An allowance in the amount of $6,709,233 at September 30, 2016, has been provided in the Water and Sewer fund for estimated uncollectible utility charges. The allowance is based on trade receivables in excess of 90 days outstanding.

G. <u>Inter-fund Receivables and Payables</u>

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

H. <u>Transactions between Funds</u>

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

I. <u>Prepaid Items</u>

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. <u>Restricted Assets</u>

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

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

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

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

L. Capitalized Interest

Interest costs are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest earned on proceeds of the City's tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

Total interest cost incurred for the Gulfport Redevelopment Commission for the year ended September 30, 2016 was $539,146. Interest capitalized was $211,673 using the average cumulative expenditures method of calculation. In addition, see Note 17 or additional information on a prior period adjusting journal entry to capitalize interest of $86,043 for the year ended September 30, 2015.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of September 30, 2016, the City had deferred outflows of resources associated with bond refunding in the amount of $1,733,061 and deferred amounts on pensions in the amount of $12,686,128 which are reflected in the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2016 the City had deferred inflows of resources for property taxes in the amount of $24,422,540; deferred amounts associated with bond refunding in the amount of $69,823, and deferred amounts on pensions in the amount of $236,768 which are reflected in the Statement of Net Position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

Net position represents the difference between deferred inflows and outflows 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.

Net position is reported as restricted when there are limitations imposed its use either through enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

O. Nature and Purpose of Designations of Fund Balance

The fund balance designations for donor-imposed restrictions, debt service, and encumbrances are discussed in Note 10. The fund equity designation for subsequent year's expenditures primarily represents amount of cash used in the next year's budget to offset amounts in which expenditures are budgeted in excess of budgeted revenues.

P. Compensated Absences

City policy allows employees hired prior to January 8, 2013, to accumulate all unused vacation, compensatory (comp time) and sick leave. Those hired after January 8, 2013, may not carry annual leave over from year to year without approval. 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, 2016. 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.

Q. Post-Employment Health Care Benefits

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

R. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Effects of New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are consistent with the market approach, the cost approach or the income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. Implementation of this statement did not have a significant impact on the City for the year ended September 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The provisions in this statement are effective for the City's fiscal year ending September 30, 2016, except those provisions that address employers and governmental nonemployee contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the City's fiscal year ending September 30, 2017. Partial implementation of this statement did not have a significant impact on the City for the year ended September 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure all their investments at amortized cost. The new standard is effective for periods beginning after June 15, 2015, except for certain provisions that will be effective for reporting periods beginning after December 15, 2015. Implementation of this statement did not have a significant impact on the City for the year ended September 30, 2016.

In addition, the City is currently analyzing its accounting practices to determine the potential impact of the following pronouncements:

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 74 revises and establishes new accounting and financial reporting requirements for postemployment benefit plans other than pensions (OPEB). Statement No. 75 revises and establishes new accounting and financial reporting requirements for governments that provide their employees with OPEB and requires additional OPEB disclosures. Statement No. 74 is effective for periods beginning after June 15, 2016 and is effective for the City's fiscal year ending September 30, 2017. Statement No. 75 is effective for periods beginning after June 15, 2017 and is effective for the City's fiscal year ending September 30, 2018.

In June 2016, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement improve financial reporting by allowing governments to apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement is effective for financial statements for periods beginning after June 15, 2016. Application of this statement is effective for the City's fiscal year ending September 30, 2017.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. Statement No. 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The new standard is effective for periods beginning after December 15, 2015. Application of this statement is effective for the City's fiscal year ending September 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided by state or local governments through a cost- sharing plan that meets the criteria of Statement No. 68 and is not a state or local governmental pension plan. The new standard is effective for periods beginning after December 15, 2015. Application of this statement is effective for the City's fiscal year ending September 30, 2017.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

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

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

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

11. Unexpended appropriations lapse at year-end in all funds.

NOTE 3: PROPERTY TAX, GAMING, SALES TAX AND LEASE 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 pro-rata 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, 2016 was 34.00 mills or $34.00 per $1,000 of assessed valuation.

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

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

(B) Gaming Tax Revenues

In the early part of 1992, the citizens of Harrison County voted to allow dockside casino gaming as defined by the Mississippi Gaming Control Act of 1990. In May of 1993, the first casino opened in Gulfport. As of September 30, 2016 one casino was operating within the City. Gaming activities are taxed in a variety of ways.

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

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. Total gaming revenue of $3,793,035 was reported in the General Fund which consists of $3,590,235 in gaming revenues and $202,800 of gaming license fees for the year ended September 30, 2016.

(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. Sales tax revenue reported in the General Fund as of September 30, 2016, was $20,751,725.

(D) Lease Revenue (Operating Leases)

The Commission leases property and certain facilities to various tenants within its development sites. The majority of these leases are non-cancelable operating leases. Property leased by the Commission recorded in capital assets is as follows at September 30, 2016:

	Cost	Accumulated Depreciation	Net Value
Land	$ 18,759,786	-	18,759,786
Buildings and Improvements	5,105,150	1,124,216	3,980,934
	$ 23,864,936	1,124,216	22,740,720

Future minimum rentals for the more significant non-cancelable leases, not including contingent rentals, are as follows at September 30, 2016:

Year Ended September 30,	Amount
2017	$ 985,000
2018	985,500
2019	2,176,000
2020	3,026,500
2021	3,027,000
Thereafter	163,490,000
	$ 173,690,000

The minimum future rentals for these leases were determined using the rates in effect at September 30, 2016, and also do not consider renewal options which may be available for certain lease contracts. Income under this portion of the leases is not included in future minimum rental amounts. Rental income for fiscal year 2016 received through all leases was $143,820.

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, 2016, the carrying amount of the City's deposits was $43,291,899 and the bank balance was $45,129,913. The difference represents outstanding checks and other reconciling items.

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. As of September 30, 2016, none of the City's bank balance of $42,475,803 was exposed to custodial credit risk.

A summary of Cash and Cash Equivalents at September 30, 2016 is as follows:

	Invested in Sweep Account		Non-pooled		
	Unrestricted	Restricted	Unrestricted	Restricted	Total
Governmental funds:					
Major funds:					
General	$ 2,202,256	$ -	$ 5,238	$ 160,591	$ 2,368,085
Capital Projects	80,268	22,502,216	-	-	22,582,484
Non-major funds	872,147	1,086,605	150	-	1,958,902
Total governmental funds	3,154,671	23,588,821	5,388	160,591	26,909,471
Proprietary funds:					
Business-type activities:					
Water and Sewer	166,691	10,388,130	129,582	2,259,994	12,944,397
Joseph T. Jones Park	157,883	-	-	1,749	159,632
Gulfport Redevelopment Comm.	-	-	65,955	-	65,955
Total business-type	324,574	10,388,130	195,537	2,261,743	13,169,984
Governmental-type activities:					
Claims Contingency	2,878,414	-	-	-	2,878,414
Total proprietary funds	3,202,988	10,388,130	195,537	2,261,743	16,048,398
Fiduciary funds	-	334,030	-	-	334,030
Total cash and cash equivalents	$ 6,357,659	$ 34,310,981	$ 200,925	$ 2,422,334	$ 43,291,899

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

(B) Investments

At September 30, 2016, 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 at September 30, 2016, is as follows:

	Rate of Interest	Amount
Business-type activities:		
Hancock Horizon Government Money Market Mutual	N/A	$ 950,611

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

Securities are to be held by a third party custodian. The investment in the Hancock Horizon Government 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 of short-term U. S. Government Securities.

Credit Risk – Investments - Generally, credit risk is the risk that issuers 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, 2016:

Taxes receivable:		
Property taxes	$	24,636,356
Sales taxes		3,378,695
Franchise taxes		995,291
Gaming fees		356,554
Total taxes receivable	$	29,366,896
Customer accounts receivable:		
Customer charges for services (billed)	$	8,379,430
Customer accounts, earned but unbilled		1,676,833
Less: allowance for doubtful accounts		(6,709,233)
Total customer accounts receivable, net	$	3,347,030
Court fines receivable	$	10,461,344
Less: allowance for doubtful accounts		(7,124,620)
Total court fines receivable, net	$	3,336,724
Due from other governments:		
Federal	$	2,594,188
State		251,955
Total due from other governments	$	2,846,143
	$	38,896,793

The governmental funds reported *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Funds also report *unearned revenue* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *deferred inflows of resources* were reported in the governmental funds in the amount of $24,422,540 for property tax assessments not yet due and $3,336,724 for court fines receivable, respectively. At the end of the current fiscal year, *unearned revenue* in the amount of $26,341 was reported in the business-type activities.

NOTE 6: INTER-FUND TRANSACTIONS AND BALANCES

Government-wide Financial Statements

A. Internal Balances

At September 30, 2016, the City had the following internal balances:

Receivable	Payable	Amount
Governmental Activities	Business-type Activities	$ 738,246

These amounts are shown as a netted amount of short-term loans between governmental and business-type activities. These loans are temporary in nature, bear no interest, and are considered "available spendable resources."

NOTE 6: INTER-FUND TRANSACTIONS AND BALANCES (Continued)

B. Capital transfers

At September 30, 2016, the City had the following capital transfers:

Transfers In	Transfers Out	Amount
Business-type Activities	Governmental Activities	$ 1,915,564

These amounts show capital asset transfers between governmental and business-type activities. These amounts are shown on the proprietary fund financial statements as capital contributions.

Fund Financial Statements

The following is a summary of inter-fund balances at September 30, 2016:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General	Non-major funds	$ 2,856,634
	Joseph T. Jones Park fund	253,860
	Internal service funds	248,508
Capital projects fund	General fund	261,361
Non-major governmental funds	General	13,935
	Water and sewer fund	724,477
Internal service funds	General	135,000
Water and sewer fund	Capital projects fund	240,091
		$ 4,733,866

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”.

B. Transfers In/Out:

In addition to the above inter-fund loans, the following transfers were made between funds during the year ended September 30, 2016:

Transfers In	Transfers Out	Amount
Non-major governmental funds	General	$ 208,327
	Capital projects fund	361,485
Joseph T. Jones Park fund	Capital projects fund	1,240,881
Gulfport Redevelopment Commission	Capital projects fund	846,410
	Non-major governmental funds	539,146
Total operating transfers		$ 3,196,249

The City transfers funds from the Capital Projects fund to pay for grant matching requirements and other costs incurred that are originally paid for out of the General fund and other funds. The City also transferred amounts to the Gulfport Redevelopment Commission for line of credit principal and interest payments.

NOTE 7: CAPITAL ASSETS

A. Capital Asset Activity

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance October 1	Additions	Deletions	Adjustments	Balance September 30
Governmental Activities					
Non-depreciable capital assets:					
Land	$ 28,244,064	$ 9,719	$ -	$ (1,440,061)	$ 26,813,722
Construction in progress	18,159,564	10,074,833	(16,313)	(12,879,671)	15,338,413
Total non-depreciable capital assets	46,403,628	10,084,552	(16,313)	(14,319,732)	42,152,135
Depreciable capital assets:					
Buildings	76,903,880	-	-	-	76,903,880
Improvements other than buildings	29,329,332	-	-	130,228	29,459,560
Infrastructure	270,331,744	550,600	(1,356,394)	10,060,942	279,586,892
Machinery & equipment	9,553,661	1,763,154	(1,890,439)	972,116	10,398,492
Vehicles	15,942,464	937,101	(500,181)	-	16,379,384
Equipment under capital leases	2,155,336	13,008	-	-	2,168,344
Total depreciable capital assets	404,216,417	3,263,863	(3,747,014)	11,163,286	414,896,552
Less accumulated depreciated for:					
Buildings	14,166,414	1,558,052	-	-	15,724,466
Improvements other than buildings	10,387,977	1,090,895	-	-	11,478,872
Infrastructure	94,743,591	3,427,880	(130)	-	98,171,341
Machinery & equipment	6,953,665	617,951	(403,373)	-	7,168,243
Vehicles	11,902,267	551,081	(630,532)	-	11,822,816
Equipment under capital leases	191,461	166,388	-	-	357,849
Total accumulated depreciation	138,345,375	7,412,247	(1,034,035)	-	144,723,587
Depreciable capital assets, net	265,871,042	(4,148,384)	(2,712,979)	11,163,286	270,172,965
Governmental activities capital assets, net	$ 312,274,670	$ 5,936,168	$ (2,729,292)	$ (3,156,446)	$ 312,325,100

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

General government	924,019
Public safety	1,020,922
Public works	3,733,055
Culture and recreation	1,722,116
Economic Development	12,135
Total governmental activities depreciation expense	$ 7,412,247

NOTE 7: CAPITAL ASSETS (Continued)

	Balance October 1	Additions	Deletions	Adjustments	Balance September 30
Business-type Activities					
Non-depreciable capital assets:					
Land	$ 27,143,384	$ 826,057	$ -	$ 1,701,885	$ 29,671,326
Construction in progress	808,845	7,352,553	-	(1,528,802)	6,632,596
Total non-depreciable capital assets	27,952,229	8,178,610	-	173,083	36,303,922
		-	-	-	
Depreciable capital assets:		-	-	-	
Buildings	7,595,801	-	-	-	7,595,801
Improvements and infrastructure	278,703,770	1,368,734	-	2,983,363	283,055,867
Machinery & equipment	2,573,521	1,493,506	(50,651)	(16,124)	4,000,252
Vehicles	2,890,349	79,829	(10,570)	16,124	2,975,732
Equipment under capital leases	494,418	-	-	-	494,418
Total depreciable capital assets	292,257,859	2,942,069	(61,221)	2,983,363	298,122,070
		-	-	-	
Less accumulated depreciated for:		-	-	-	
Buildings	1,189,990	413,488	-	-	1,603,478
Improvements and infrastructure	65,452,973	5,558,724	-	-	71,011,697
Machinery & equipment	1,647,928	145,875	(48,090)	-	1,745,713
Vehicles	2,552,260	74,723	(9,513)	-	2,617,470
Equipment under capital leases	153,924	62,186	-	-	216,110
Total accumulated depreciation	70,997,075	6,254,996	(57,603)	-	77,194,468
Depreciable capital assets, net	221,260,784	(3,312,927)	(3,618)	2,983,363	220,927,602
Business-type activities capital assets, net	$ 249,213,013	$ 4,865,683	$ (3,618)	$ 3,156,446	$ 257,231,524

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

Water and sewer	$ 5,324,393
Joseph T. Jones Memorial Park	568,754
Gulfport Redevelopment Commission	361,849
Total business-type activities depreciation expense	$ 6,254,996

B. Net Investment in Capital Assets/Net Position

	Governmental Activities	***Business-type Activities***
Land	$ 26,813,722	$ 29,671,326
Construction in progress	15,338,413	6,632,596
Other capital assets, net of accumulated depreciation	270,172,965	220,927,602
Add: deferred outflow of resourses on refunding	233,466	1,499,595
Less: retainage payable	(68,903)	(130,383)
Less: related long-term debt outstanding - spent	(28,364,113)	(70,894,926)
Less: deferred inflow of resources on refunding	-	(69,823)
	$ 284,125,550	$ 187,635,987

NOTE 8: LEASES

(A) Capital Leases

In prior fiscal years, the City has obtained lease financing for the purchase of computer equipment and other machinery and equipment. In April 2016, the City obtained lease financing for the purchase of five fire trucks with accessories. Title to the assets is held in the name of the City and the banks as lien holder. The City insures the assets and accounts for the leasing arrangements. The following is a schedule of the City's capital leases as of September 30, 2016:

	Stated Interest Rate	Present Value of Remaining Payments as of September 30, 2016
Governmental activities:		
Computer equipment	1.81%	$ 424,445
Fire trucks	3.00%	1,749,544
Equipment	1.58%	1,145,493
Total governmental activities		3,319,482
Business-type activities:		
Excavator	1.85%	61,613
Backhoe	2.24%	34,340
Dump Truck	3.03%	28,427
Equipment	1.58%	236,284
Total business-type activities:		360,664
Total capital lease obligations		$ 3,680,146

Equipment and related accumulated amortization under capital lease are as follows:

Governmental activities:	
Computer equipment	$ 245,219
Fire trucks	1,910,117
Equipment	13,008
Less: accumulated amortization	(357,849)
Net value	$ 1,810,495
Business-type activities:	
Excavator	$ 180,375
Backhoe	86,585
Pumps	108,927
Dump Truck	118,531
Less: accumulated amortization	(216,110)
Net value	$ 278,308

NOTE 8: LEASES (Continued)

As of September 30, 2016, capital lease annual amortizations are as follows:

Year Ended September 30,	Governmental activities	Business-type activities
2017	$ 600,809	$ 140,959
2018	600,809	82,380
2019	448,930	49,980
2020	405,417	49,980
2021	385,205	45,815
2022-2026	815,575	-
2027-2029	489,346	-
Less: interest	(426,609)	(8,450)
Present value of remaining payments	$ 3,319,482	$ 360,664

Amortization of leased equipment under capital assets is included with depreciation expense.

(B) Operating Leases

The City is committed under various non-cancelable operating leases, primarily for machinery and equipment (principally in the General Fund). Future minimum operating lease commitments are as follows:

Year ending September 30,	
2017	$ 89,199
2018	1,136
	$ 90,335

NOTE 9: LONG-TERM DEBT

The following schedule reflects the debt transactions for governmental activities for the year ended September 30, 2016:

Governmental Activities	Payable at October 1	Additions	Principal Reductions	Payable at September 30	Principal Due in One Year
General obligation bonds	$ 30,757,200	$ -	$ 2,752,200	$ 28,005,000	$ 2,098,600
Limited obligation bond	455,000	-	15,000	440,000	15,000
Special obligation bonds	7,305,000	-	955,000	6,350,000	980,000
Capital leases payable	2,467,872	1,163,948	312,338	3,319,482	526,336
Compensated absences payable	2,150,544	123,150	-	2,273,694	1,117,162
Claims and judgments	29,000	-	2,000	27,000	-
	43,164,616	1,287,098	4,036,538	40,415,176	4,737,098
Plus bond premium	1,576,407	-	158,718	1,417,689	158,718
Total governmental activities	$ 44,741,023	$ 1,287,098	$ 4,195,256	$ 41,832,865	$ 4,895,816

NOTE 9: LONG-TERM DEBT (Continued)

The following schedule reflects the debt transactions for business-type activities for the year ended September 30, 2016:

Business-type Activities	Payable at October 1	Additions	Principal Reductions	Payable at September 30	Principal Due in One Year
General obligation bonds payable	$ 40,252,800	$ -	$ 4,727,800	$ 35,525,000	$ 4,816,400
Special obligation bonds payable	10,700,000	-	-	10,700,000	-
Notes payable	32,516,051	2,357,078	2,541,898	32,331,231	14,074,310
Capital leases payable	252,861	240,091	132,288	360,664	138,810
Compensated absences	50,518	7,389	-	57,907	31,770
	83,772,230	2,604,558	7,401,986	78,974,802	19,061,290
Plus bond premium	2,591,610	-	274,622	2,316,988	274,622
Total business type activities	$ 86,363,840	$ 2,604,558	$ 7,676,608	$ 81,291,790	$ 19,335,912

(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.

In December 2014, the City issued $30,000,000 of general obligation bonds with interest rates varying between 1.5-3.4% to fund various capital projects throughout the City. $16,000,000 of this general obligation bond project was used for governmental related projects and $14,000,000 was used to fund water and sewer related projects.

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

Purpose	Original Amount	Issue Date	Interest Rate	Outstanding Amount	Due in one year
Governmental Activities:					
GO Refunding - Public Improvement	15,025,000	9/10/2014	2.0-5.0%	12,694,000	1,399,600
GO Public Improvement	16,000,000	12/18/2014	1.5-3.4%	15,311,000	699,000
Total governmental activities	$ 31,025,000			$ 28,005,000	$ 2,098,600
Business-type Activities:					
GO Refunding	$ 2,850,000	9/10/2014	2.0-5.0%	$ 2,406,000	$ 265,400
GO Refunding	3,810,000	12/2/2004	3-3.85%	475,000	475,000
GO Revenue	9,500,000	6/1/2009	3.34%	3,185,000	1,030,000
GO Revenue	14,000,000	12/18/2014	1.5-3.4%	13,389,000	601,000
GO Refunding	18,465,000	6/30/2015	2.0-5.0%	16,070,000	2,445,000
Total business-type activities	$ 48,625,000			$ 35,525,000	$ 4,816,400

NOTE 9: LONG-TERM DEBT (Continued)

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

Year Ended	Governmental Activities		Business-type Activities		
September 30,	Principal	Interest	Principal	Interest	Total
2017	$ 2,098,600	$ 988,984	$ 4,816,400	$ 1,372,400	$ 9,276,384
2018	2,191,500	904,260	4,538,500	1,181,405	8,815,665
2019	1,894,600	829,075	4,665,400	992,386	8,381,461
2020	1,945,000	758,966	3,815,000	795,447	7,314,413
2021	2,038,700	678,542	3,991,300	620,221	7,328,763
2022-2026	9,574,000	2,145,238	6,461,000	1,815,487	19,995,725
2027-2031	5,592,600	825,098	4,907,400	731,907	12,057,005
2032-2035	2,670,000	161,186	2,330,000	142,939	5,304,125
	$ 28,005,000	$ 7,291,349	$ 35,525,000	$ 7,652,192	$ 78,473,541

Prior year defeasance of debt

The City has at various times entered into advance refunding transactions related to certain issues of its bonded debt. A portion of the proceeds of the refunding bond issues were placed in trust and used to purchase securities to meet all debt service requirements of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts were not included in the accompanying financial statements as the City defeased its obligations for payment of the refunded debt upon completion of the refunding transactions.

At September 30, 2016, refunded bond issues and the related principal payable from escrow is as follows:

Bond Issue	Principal Balance
2000 MDB Promissory Note	$ 2,590,000
2001 MDB Promissory Note	1,085,000
1998 Refunded Bonds	1,760,000
2003 Refunded Bonds	2,795,000
2005 Refunded Water and Sewer Bonds	3,160,000
2007 Refunded Bonds	7,485,000
Total	$ 18,875,000

(2) Limited Obligation Bond

The City issued tax increment financing bonds to encourage economic development of certain areas of the City. The original amount of tax increment financing bonds issued in the prior year was $455,000. This bond has an interest rate of 4.0% with principal maturing September 2034.

The principal and interest on tax increment financing bonds are paid from the increase in sales tax revenue that is generated from the developed area. These bonds are generally issued as 10 or 20 year serial bonds with varying amounts of principal maturing each year. Tax increment financing bonds outstanding as of September 30, 2016 are as follows:

NOTE 9: LONG-TERM DEBT (Continued)

	Original Amount	Issue Date	Interest Rate	Outstanding Amount	Due in one year
TIF Bond	$ 480,000	9/23/2014	4.00%	$ 440,000	$ 15,000

Annual debt service requirements to maturity for tax increment financing bonds are as follows:

Year ended September 30,	Principal	Interest	Total
2017	$ 15,000	$ 17,600	$ 32,600
2018	20,000	17,000	37,000
2019	20,000	16,200	36,200
2020	20,000	15,400	35,400
2021	20,000	14,600	34,600
2022-2026	115,000	60,400	175,400
2027-2031	135,000	35,800	170,800
2032-2034	95,000	7,800	102,800
	$ 440,000	$ 184,800	$ 624,800

(3) <u>Special Obligation Bonds</u>

The City issued special obligation bonds 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. Special obligation bonds currently outstanding are as follows:

	Original Amount	Issue Date	Outstanding Amount	Due in one year
Governmental Activities:				
SO Refunding - Public Improvement Paving	$ 10,000,000	7/19/2012	$ 6,350,000	$ 980,000
Business-type Activities:				
SO Refunding	$ 47,565,000	4/7/2005	$ 10,700,000	$ -

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

Year ended	Governmental Activities		Business-type Activities		
September 30,	Principal	Interest	Principal	Interest	Total
2017	$ 980,000	$ 190,500	$ -	$ 561,750	$ 1,732,250
2018	1,010,000	161,100	-	561,750	1,732,850
2019	1,040,000	130,800	-	561,750	1,732,550
2020	1,075,000	99,600	-	561,750	1,736,350
2021	1,105,000	67,350	-	561,750	1,734,100
2022-2024	1,140,000	34,200	10,700,000	1,142,663	13,016,863
	$ 6,350,000	$ 683,550	$ 10,700,000	$ 3,951,413	$ 21,684,963

NOTE 9: LONG-TERM DEBT (Continued)

(4) Notes Payable

State Revolving Loans

The City is currently participating in the State Revolving Loan Program to provide funds for water and sewer system upgrades and improvements. These loans are granted with a 20 year maturity with equal amounts of principal maturing each year. The interest rates on these loans are 1.75%.

Gulfport Redevelopment Commission – Line of Credit

On December 17, 2015, Gulfport Redevelopment Commission (GRC) entered into a line of credit arrangement with BancorpSouth Bank, which carries a maximum possible balance of $14,000,000. This loan has an interest rate of 3.25%. As September 30, 2016, GRC has drawn down $12,348,914 of the loan balance. Amounts drawn down from this line of credit were used to pay off two outstanding loans of $200,000 each taken out on November 6, 2015 and December 1, 2015, respectively. Collateral used to secure the loan is the assignment of ground lease agreements and is guaranteed by the City of Gulfport.

Annual debt service requirements for the notes are as follows:

Year ended September 30	Principal	Interest	Total
2017	$ 14,074,310	$ 335,896	$ 14,410,206
2018	1,755,834	305,457	2,061,291
2019	1,786,811	274,482	2,061,293
2020	1,818,331	242,961	2,061,292
2021	1,850,406	210,885	2,061,291
2022-2026	9,150,098	562,238	9,712,336
2027-2031	1,895,441	21,244	1,916,685
	$ 32,331,231	$ 1,953,163	$ 34,284,394

(5) Compensated Absences

The City's policies relative to compensated absences, method of computing accrued liabilities and reporting are discussed at Note 1. The General Fund and the Water & Sewer Fund has been primarily used in prior years to liquidate the liability for compensated absences.

(6) 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, 2016, a total of 29 retirees and employees remain covered under the system. Accordingly, a liability in the amount of $27,000 has been included in the General Long-Term Debt at September 30, 2016. None of the liability for these benefits is estimated to be paid within one year.

NOTE 9: LONG-TERM DEBT (Continued)

(7) Legal Debt Margin

Legal Debt Margin - The amount of general obligation bonded debt that can be incurred by the City 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, 2016, the amount of outstanding general obligation bonded debt was equal to 3.87% 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 $723,422,711; therefore, the 15% limitation equals: $108,513,407; less GO Bonds outstanding of $28,005,000, leaving a margin for further debt issuance of $80,508,407.

(8) No-Commitment Debt

In November 2015, the City authorized the Hospital Revenue Refunding Bond, Series 2015A, in the amount of $8,560,000, with interest rate of 1.5 percent. This issue refunded the Hospital Revenue and Refunding and Improvement Bonds Series1994A, in the amount of $8,500,000, with an interest rate of 5.8 to 6.2 percent.

In June 2016, the City authorized the Hospital Revenue Refunding Bond, Series 2016, in the amount of $49,270,000, with interest rate of 5 percent maturing in 2031. The series 2016 Bonds were issued with a premium of approximately $9,311,309. This issue refunded the Hospital Revenue Bond, Series 2001, in the amount of $60,000,000, with an interest rate of 5.5 to 5.8 percent.

As of September 30, 2016, the aggregate outstanding balance for the Hospital Revenue Refunding Bonds plus unamortized premium was $70,497,128. 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 7, Memorial Hospital at Gulfport is a joint venture of the City and Harrison County.
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NOTE 10: FUND BALANCE DESIGNATIONS

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balance as follows:

Non-spendable – amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints. The City has no non-spendable fund balances as of September 30, 2016.

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 a committed fund balance of $1,256,850 as of September 30, 2016.

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 no assigned fund balances as of September 30, 2016.

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

NOTE 10: FUND BALANCE DESIGNATIONS (Continued)

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 or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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):

Workers' Compensation		
Per occurrence deductible (SIR)	$	750,000
Per occurrence deductible (Public Safety)	$	1,000,000
Annual aggregate risk of loss through deductibles	$	2,920,608
Specific excess coverage in force		Statutory
Employee Health Insurance		
Per occurrence deductible (SIR)	$	150,000
Annual aggregate risk of loss through deductibles		No Limit

NOTE 12: RISK MANAGEMENT (Continued)

General and Other Liability Coverage	
Per occurrence deductible (SIR)	$ 100,000
Annual aggregate risk of loss through deductibles	$ 700,000
MS statutory cap	$ 500,000
Specific excess coverage in force	
General liability, Employee benefit plan liability	$ 1 million / occurrence; $3 million aggregate
Professional liability	$ 2 million / occurrence; $4 million aggregate
Automobile, Garagekeepers liability	$1 million / $250,000
CyberFirst liability	$1 million aggregate
Property Coverage	
Named windstorm	5% per location
All other wind	$ 50,000
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.

(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, 2015 to September 30, 2016:

	Claims Contingency	Group Health and Life
Liability balance, September 30, 2015	$ 2,540,000	$ 70,557
Claims and changes in estimates	1,381,174	8,577,843
Claims payments	(1,181,066)	(7,411,144)
Liability balance, September 30, 2016	2,740,108	1,237,256
Claims and changes in estimates	2,173,618	4,462,369
Claims payments	(2,373,726)	(5,384,238)
Liability balance, September 30, 2016	$ 2,540,000	$ 315,387
Assets available to pay claims at September 30, 2016	$ 3,012,070	$ -

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

NOTE 13: OTHER COMMITMENTS AND CONTINGENCIES

(A) Federal Grants

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

Management has determined that any liability for reimbursement, which may arise as the result of these audits, is not believed to be material to the financial statements.

(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 $2,878,414 accrued in the Claims Contingency Fund for pending or threatened litigation for which unfavorable outcome is considered probable. See Note 12 for treatment of claims incurred but not reported and other tort liability information.

(C) Contract Commitments

Construction Contracts - The following significant contracts were outstanding at September 30, 2016:

	Contract Amount	Expended to Date	Remaining Commitment
Downtown Street Scape Enhance	$ 7,696,414	$ 7,679,913	$ 16,501
Creosote Rd / Three Rivers Rd / US 49 / Airport Rd	4,186,329	4,098,051	88,278
28th Street Widening (TEA21)	4,060,407	1,811,399	2,249,008
Poplar Circle Chamberlain Ave Sewer Improvements	2,288,722	526,842	1,761,880
Sportsplex Field Expansion	2,144,394	18,626	2,125,768
Retreat Village / Oakleigh Manor Water Improvements	2,116,282	1,127,079	989,203
Dedeaux Rd Widening Phase 2 3 Rivers Rd to Hwy 605	1,813,873	1,797,354	16,519
Pump Station Sewer Rehabilitation	1,290,441	255,875	1,034,566
West 28th St. Phase 2 Water Main	1,130,966	136,386	994,580
West 28th St. Phase 1 Water Main	1,059,606	621,674	437,932
Pass Rd Traffic Signal Improvements	556,915	535,188	21,727
Hwy 49 Utilities Relocate MDOT Right of Way	555,133	242,321	312,812
Landon Road Widening US 49 to 34th Ave	168,493	146,714	21,779
Various Culture and Recreation Improvements	177,488	109,784	67,704
Various Road Improvement Projects	556,435	76,740	479,695
Various Sewer and Drainage Improvement Projects	2,223,180	325,193	1,897,987
	$ 32,025,078	$ 19,509,139	$ 12,515,939

NOTE 14: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

I. JOINT VENTURES

(A) Memorial Hospital at Gulfport (MHG)

MHG is an acute care, not-for-profit community hospital jointly owned by the City and the Gulfport-West Harrison County Hospital District. The Board of Trustees of MHG pursuant to section 41-13-15 et seq. Mississippi Code of 1972, as amended operates it. MHG is classified as a joint venture between the City and the Gulfport-West Harrison County Hospital District. The following is a synopsis of MHG's financial statements as of and for the year ended September 30, 2016, 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.

Memorial Hospital at Gulfport
Statement of Net Position

Assets		
Current assets	$	148,710,299
Noncurrent cash and investments		61,862,464
Capital assets, net		201,786,016
Other assets		4,642,423
Total assets		417,001,202
Deferred outflow of resources		1,945,668
Liabilities		
Current liabilities	$	47,124,039
Long-term liabilities		108,540,573
Total liabilities		155,664,612
Net position		
Net investment in capital assets		129,270,033
Restricted		17,527,373
Unrestricted		116,484,852
Total net position	$	263,282,258

The City has no transactions with MHG that are included in the City's financial statements. All general obligation bonds issued on behalf of Memorial Hospital were paid off during prior fiscal years. See Note 9 (8) for additional information pertaining to conduit debt issued for Memorial Hospital at Gulfport.

(B) Harrison County Wastewater and Solid Waste Management District

The City is a member of the Harrison County Wastewater and Solid Waste Management District (District), 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 District. 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 District. Additionally, the City is jointly and severally liable for all of the liabilities of the District. The District is classified as a joint venture between the City and the other members.

The following is a synopsis of the District's financial statements as of and for the year ended September 30, 2016, a complete copy of which is on file at the administrative offices of the District which are located at 14108 Airport Road, Gulfport, Mississippi 39503, or may be obtained by calling (228) 868-8752.

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

CONDENSED STATEMENT OF NET POSITION

ASSETS AND DEFERRED OUTFLOWS	
Current assets	$ 12,048,823
Restricted assets	21,590,333
Capital assets, net	275,358,374
Deferred outflows	25,870,209
Total assets and deferred outflows	334,867,739
LIABILITIES AND DEFERRED INFLOWS	
Current liabilities	8,939,133
Current liabilities from restricted assets	12,924,918
Long-term liabilities	123,574,105
Deferred inflows	4,747
Total liabilities and deferred inflows	145,442,903
NET POSITION	
Invested in capital assets, net of related debt	171,113,610
Restricted	17,198,463
Unrestricted	1,112,763
Total net assets	189,424,836
Total liabilities, deferred outflows and net assets	$ 334,867,739

CONDENSED STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION

Operating revenue	$ 20,244,159
Operating expenses	(20,194,266)
Depreciation and amortization	(12,703,491)
Nonoperating revenues, net	14,766,090
Change in net position	$ 2,112,492

The following financial information concerning transactions with the District 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 and wastewater treatment charges)	$6,431,876

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

II. JOINTLY GOVERNED ORGANIZATIONS

(A) Gulfport-Biloxi Regional Airport Authority

The Gulfport-Biloxi Regional Airport Authority was chartered on August 25, 1977, and assumed control of the Airport on October 1, 1977. The authority is comprised of one appointee each from the local governmental units of the City of Gulfport, the City of Biloxi, and Harrison County. These governmental units have agreed to subsidize the Airport annually, if necessary. During the past fiscal year, the City did not provide any funding to the Gulfport-Biloxi Regional Airport.

(B) 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 $350,000 for the year ended September 30, 2016. 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 15: RETIREMENT PLANS

I. Defined Benefit Pension 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:

General Information about the Pension Plans

(A) Public Employees' Retirement System

Plan Description. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public Cities. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

NOTE 15: RETIREMENT PLANS (Continued)

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007).

PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2016, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

(B) Municipal Retirement Systems

Plan Description. 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 June 30, 2016, 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.

Benefits provided. 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. As of September 30, 2016, the plan has 92 inactive members or their beneficiaries are currently receiving benefits, no inactive members entitled to but not yet receiving benefits and no active members.

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.

NOTE 15: RETIREMENT PLANS (Continued)

Contributions. Plan contributions are based on the value of taxable property adjusted to reflect all property-related contributions, and the millage rates applied to the assessed property. A new funding policy was implemented in February 2011 which extends contributions past 2020. The certified millage rate from the June 30, 2016 valuation is 1.29 mills, therefore, the millage rate effective October 1, 2016, is 1.29 mills.

Net Pension Liability and Pension Expense

At September 30, 2016, the City reported a liability of $72,021,588 in the governmental activities and $3,000,900 in the business-type activities for a total of $75,022,488 for its proportionate share of the PERS net pension liability. A net pension liability in the amount of $11,006,644 was reported in the governmental activities for its share of the MRS net pension liability.

The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the PERS net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the City's proportion was .42 percent, unchanged from 2015.

For the year ended September 30, 2016, the City recognized PERS pension expense for governmental activities of $8,800,540 and $366,689 for business-type activities. An additional pension expense of $1,127,048 was reported for the MRS pension in the governmental activities.

Schedule of Changes in Net Pension Liability

The change in Net Pension Liability, for PERS, for the fiscal year ended September 30, 2016 is as follows:

Mississippi Public Employees' Retirement System (PERS)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service cost	$ 3,085,089	$ -	$ 3,085,089
Interest on the total pension liability	12,734,950		12,734,950
Difference between expected and actual experience	1,736,675		1,736,675
Changes in assumptions	(279,745)		(279,745)
Employer's contribution	-	4,289,296	(4,289,296)
Employee's contribution	-	2,404,811	(2,404,811)
Pension plan net investment income	-	549,780	(549,780)
Benefit payments, including refunds of employee contributions	(10,418,667)	(10,418,667)	-
Administrative expense	-	(63,697)	63,697
Other	-	(1,991)	1,991
Net Change	6,858,302	(3,240,468)	10,098,770
Net Pension Liability Beginning	169,531,253	104,607,535	64,923,718
Net Pension Liability Ending	$ 176,389,555	$ 101,367,067	$ 75,022,488

A schedule of Net Changes in Net Pension Liability and Related Ratios, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information Section on pages 89-90.

NOTE 15: RETIREMENT PLANS (Continued)

The change in Net Pension Liability, for MRS, for the fiscal year ended September 30, 2016 is as follows:

Mississippi Municipal Retirement Systems' Fire and Police Disability and Relief Funds (MRS)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Interest expense	$ 1,518,469	$ -	$ 1,518,469
Difference between expected and actual experience	139,083		139,083
Employer's contribution	-	899,471	(899,471)
Pension plan net investment income	-	113,727	(113,727)
Benefit payments, including refunds	-		-
of employee contributions	(1,980,266)	(1,980,266)	-
Administrative expense	-	(17,989)	17,989
Other	-	29,650	(29,650)
Net Change	(322,714)	(955,407)	632,693
Net Pension Liability Beginning	20,583,280	10,209,329	10,373,951
Net Pension Liability Ending	$ 20,260,566	$ 9,253,922	$ 11,006,644

A schedule of Net Changes in Net Pension Liability and Related Ratios, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information Section on pages 91-92.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the City reported deferred outflows of resources of resources related to pensions from the following sources:

	Deferred Outflows of Resources			
	PERS		MRS	
	Governmental Activities	Business-Type Activities	Governmental Activities	Total
Differences between expected and actual experience	$ 2,008,869	$ 83,703	$ -	$ 2,092,572
Changes of assumptions	3,395,254	141,471	-	3,536,725
Net difference between projected and actual earnings on pension plan investments	4,879,110	203,296	816,388	5,898,794
City's contributions subsequent to the measurement date	1,111,716	46,321	-	1,158,037
Total	$ 11,394,949	$ 474,791	$ 816,388	$ 12,686,128

NOTE 15: RETIREMENT PLANS (Continued)

At September 30, 2016, the City reported deferred inflows of resources of resources related to pensions from the following sources:

	Deferred Inflows of Resources		
	PERS		
	Governmental Activities	Business-Type Activities	Total
Net difference between projected and actual earnings on pension plan investments	$ 191,385	$ 7,974	$ 199,359
Differences between City contributions and proportionate share on contributions	35,912	1,497	37,409
Total	$ 227,297	$ 9,471	$ 236,768

Within the deferred outflows and inflows, a net amount of $1,158,037 of deferred outflows of resources is related to pensions resulting from the City's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Of this amount, $1,111,716 was contributed for governmental activities and $46,321 for business-type activities.

Under the PERS retirement plan deferred liabilities and assets, with the exception of differences between projected and actual investment earnings, are amortized over the average of expected remaining service lives. Differences between projected and actual investment earnings are amortized over 5 years.

Under the MRS pension plan, unfunded liabilities are amortized over a closed 30 year period from with 19 years remaining as of June 30, 2016, as a level percent of the municipality's assessed valuation.

The remaining net amount of $11,291,324 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30	PERS	MRS	Total
2017	$ 3,626,214	$ 229,802	$ 3,856,016
2018	2,735,020	229,802	2,964,822
2019	2,631,621	229,802	2,861,423
2020	1,482,081	126,982	1,609,063
	$ 10,474,936	$ 816,388	$ 11,291,324

NOTE 15: RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	MRS
Inflation	3.0 percent	3.5 percent
Salary increases	3.75 - 19.0 percent, including inflation	4.50 - 6.0 percent, including inflation
Investment rate of return	7.75 percent (net of pension plan investment expense, including inflation	8.0 percent (net of pension plan investment expense, including inflation
Assessed property value rate of increase	N/A	2.0 percent compounded annually, used in determining the millage rate under the funding policy

The table for post-retirement mortality rates used in evaluating allowances to be paid was the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016 with male rates set forward one year. The RP-Disabled Retiree Table set forward five years for males and four years for females, was used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the four year period ending June 30, 2014. The experience report is dated May 4, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Broad	34%	5.20%
International Equity	19%	5.00%
Emerging Markets Equity	8%	5.45%
Fixed Income	20%	0.25%
Real Assets	10%	4.00%
Private Equity	8%	6.15%
Cash	1%	-0.50%
Total	100%	

NOTE 15: RETIREMENT PLANS (Continued)

For the MRS pension plan, the actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value. Actuarial value of assets was set equal to the market value on September 30, 2006, and smoothing commenced in 2007. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

Discount rate

The discount rate used to measure the total pension liability for PERS and MRS was 7.75 percent, which was based on the future long-term expected rate of return of 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions for PERS will be made at rates set in the Board's Funding Policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return investments was applied to all periods of projected benefit payments to determine each plan's total pension liability.

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

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share PERS	$ 96,195,649	$ 75,022,488	$ 57,455,626
City's proportionate share MRS	$ 12,763,584	$ 11,006,644	$ 9,496,103

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued PERS financial reports for PERS and MRS plans which can be obtained at www.pers.ms.gov.

Three-year Trend Information

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

	Employer Contributions	
Year ended September 30	PERS	MRS
2016	$ 4,232,508	$ 899,471
2015	4,298,859	975,093
2014	4,064,174	1,023,128

NOTE 15: RETIREMENT PLANS (Continued)

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 place 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, 2016 and 2015, assets held by PERS for participants employed by the City of Gulfport, Mississippi approximated 5,498,548 and $5,350,020 respectively.

NOTE 16: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

NOTE 17: PRIOR PERIOD ADJUSTMENTS

The following schedule details the adjustments that were made to beginning fund balances and net position:

Description of adjustment	Statement of Revenues, Expenditures and Changes in Fund Balance	Activities - Business-type Activities	Statement of Activities - Governmental Activities
To correct prior year MRS deferrals	-	-	711,325
To record prior year capitalized interest	86,043	86,043	-
	$ 86,043	$ 86,043	$ 711,325

NOTE 18: SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes.

Management of the City of Gulfport, Mississippi evaluated the activity of the City through April 18, 2017, (the date the financial statements were available to be issued), and determined that there the following subsequent events require disclosure in the notes to the financial statements:

> On January 3, 2017 the city signed an agreement for consultation services during the design, construction and pre-opening phase of the aquarium for a period of 32 months at annual fee of $378,000 per year, commencing February 1 2017. The fee shall increase 3% per year effective from and after May 1, 2018.

NOTE 18: SUBSEQUENT EVENTS (Continued)

On March 7, 2017 passed a resolution awarding the sale of Memorial Behavioral Health Services assets to Universal Health Services (UHS); authorizing the Board of Trustees of Memorial and Memorial on behalf of the City to negotiate with UHS on the terms and conditions of the purchase agreement. Memorial Behavioral Health Services is part of Memorial Hospital at Gulfport, a joint venture of the City.

On March 7, 2017 approved the program total budget for the aquarium in the amount of $93,000,000 and approved the contract for the site development of the aquarium at a cost of $1,134,000.

On March 21, 2017 approved the refinance and guaranty of the $14,000,000 debt incurred by Gulfport Redevelopment Commission, a component unit of the City. This debt was incurred in conjunction with the acquisition of the site and development of the aquarium. The interest rate on the refinance will not exceed a rate 2.71%.

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Required Supplemental Information

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget to Actual – Budgetary Basis
General Fund
For the Year Ended September 30, 2016

	General Fund			
	Original Budget	**Final Budget**	**Actual Budget Basis**	**Variance with final budget**
REVENUES				
Taxes:				
Property	$ 18,350,000	$ 18,686,956	$ 18,686,956	$ -
Sales	20,639,350	20,699,362	20,699,362	-
Gaming fees	3,350,000	3,712,765	3,712,765	-
Licenses, permits and franchise fees	5,277,000	4,773,967	4,773,967	-
Intergovernmental	3,897,310	3,344,103	3,344,103	-
Charges for services/Rents/Leases	2,584,796	2,137,271	2,137,271	-
Fines and fees	1,400,000	1,214,759	1,214,759	-
Interest income	5,000	4,069	4,069	-
Miscellaneous/Other	170,000	-	-	-
Total revenues	55,673,456	54,573,252	54,573,252	-
EXPENDITURES				
General government				
Personnel services	5,015,016	4,838,657	4,838,657	-
Supplies	161,224	84,329	84,329	-
Other services & charges	3,003,562	5,416,509	5,416,509	-
Capital outlay	247,270	316,895	316,895	-
Total general government	8,427,072	10,656,390	10,656,390	-
Public safety				
Personnel services	25,611,113	25,369,214	25,369,214	-
Supplies	1,719,978	1,608,055	1,608,055	-
Other services & charges	2,795,693	2,630,543	2,630,543	-
Capital outlay	124,045	274,012	274,012	-
Total public safety	30,250,829	29,881,824	29,881,824	-
Public works				
Personnel services	2,007,210	2,027,406	2,027,406	-
Supplies	1,306,950	1,172,557	1,172,557	-
Other services & charges	5,168,787	5,154,314	5,154,314	-
Capital outlay	13,000	56,820	56,820	-
Total public works	8,495,947	8,411,097	8,411,097	-
Economic development				
Personnel services	1,791,659	1,759,463	1,759,463	-
Supplies	44,410	28,215	28,215	-
Other services & charges	323,270	227,951	227,951	-
Total economic development	2,159,339	2,015,629	2,015,629	-
Culture and recreation				
Personnel services	3,430,816	3,178,385	3,178,385	-
Supplies	811,280	793,765	793,765	-
Other services & charges	2,090,035	1,974,483	1,974,483	-
Capital outlay	-	6,648	6,648	-
Total culture and recreation	6,332,131	5,953,281	5,953,281	-
Total Expenditures	55,665,318	56,918,221	56,918,221	-

(continued next page)

The accompanying notes to the Required Supplemental Information
are an integral part of this statement.

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget to Actual – Budgetary Basis
General Fund - Continued
For the Year Ended September 30, 2016

	General Fund			
	Original Budget	**Final Budget**	**Actual Budget Basis**	**Variance with final budget**
Excess (deficiency) of revenues over expenditures	8,138	(2,344,969)	(2,344,969)	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	46,000	62,750	62,750	-
Total other financing sources (uses)	46,000	62,750	62,750	-
Excess of revenues and other sources over expenditures and other uses	$ 54,138	$ (2,282,219)	$ (2,282,219)	$ -
Fund balance - October 1 - GAAP basis			7,914,867	
Receivable/revenue adjustments			505,223	
Payable/expenditure adjustments			2,108,458	
Fund balance - September 30 - GAAP basis			$ 8,246,329	

The accompanying notes to the Required Supplemental Information
are an integral part of this statement.

CITY OF GULFPORT, MISSISSIPPI
Note to Required Supplemental Information
Budgetary Schedule
For the Year Ended September 30, 2016

Budgetary Presentation

State statues 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. At the bottom of the schedule is a reconciliation of the General Fund 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.

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Schedule of Changes in the City's Net Pension Liability
And Related Ratios and Notes
Mississippi Public Employees' Retirement System (PERS)

For the Years Ended September 30

	2016	2015
Total pension liability		
Service cost	$ 3,085,089	$ 2,829,229
Interest	12,734,950	12,044,252
Changes of benefit terms	-	-
Differences between expected and actual experience	1,736,675	1,366,474
Changes of assumptions	(279,745)	7,649,191
Change in beginning balance proportionate share	-	-
Benefit payments, including refunds of employee contributions	(10,418,667)	(9,822,103)
Net change in total pension liability	6,858,302	14,067,043
Total pension liability-beginning	169,531,253	155,464,210
Total pensions liability-ending	$ 176,389,555	$ 169,531,253
Plan fiduciary net position		
Contributions-employer	$ 4,289,296	$ 4,185,207
Contributions-employee	2,404,811	2,343,218
Net investment income	549,780	3,476,197
Benefit payments, including refunds of employee contributions	(10,418,667)	(9,822,103)
Administrative expense	(63,697)	(56,797)
Other costs	(1,991)	(2,087)
Net change in plan fiduciary net position	(3,240,468)	123,635
Plan fiduciary net position-beginning	104,607,535	104,483,900
Plan fiduciary net position-ending	$ 101,367,067	$ 104,607,535
City's net pension liability-ending	$ 75,022,488	$ 64,923,718
Plan fiduciary net position as a percentage of the total pension liability	57.5%	61.7%
Covered-employee payroll	$ 46,485,622	$ 45,894,544
City's net pension liability as a percentage of covered employee payroll	161.4%	141.5%

Notes to Schedule: *This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE June 30, 2015, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

Changes of assumptions: In 2016, amounts reported as changes of assumptions resulted primarily from revisions from price and wage inflation, withdrawal, pre-retirement mortality, disability, and retirement rates for active members. Changes were also made to the post-retirement mortality tables and salary scale.

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Schedule of City's Contributions and Notes
And Related Ratios and Notes
Mississippi Public Employees' Retirement System (PERS)
For the Years Ended September 30

Year	Statutorily Required Employer Contributions	Employer Contributions	Contribution Deficiency (Excess)	Employee Payroll	Contributions as a Percentage of Covered Payroll
2007	2,785,677	2,785,677	-	23,507,823	11.85%
2008	3,358,530	3,358,530	-	27,987,750	12.00%
2009	3,447,179	3,447,179	-	28,726,492	12.00%
2010	3,181,382	3,181,382	-	26,511,517	12.00%
2011	3,365,904	3,365,904	-	28,049,200	12.00%
2012	3,529,220	3,529,220	-	27,294,818	12.93%
2013	3,817,029	3,817,029	-	26,767,384	14.26%
2014	4,064,174	4,064,174	-	25,804,279	15.75%
2015	4,298,859	4,298,859	-	27,294,343	15.75%
2016	4,064,174	4,064,174	-	25,804,279	15.75%

Notes to Schedule: Valuation date: Actuarially determined contribution rates in the Schedules of Employer Contributions are calculated as of June 30, 2014, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset valuation method	5 year smoothed market
Inflation	3.5%
Salary increases	4.25-19.0%
Investment rate of return	8.0%
Retirement age	Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less.

CITY OF GULFPORT, MISSISSIPPI

Required Supplemental Information

Schedule of Changes in the City's Net Pension Liability

And Related Ratios and Notes

Mississippi Public Employees' Retirement System (PERS)

For the Years Ended September 30

	2016	2015
Total pension liability		
Interest expense	$ 1,518,469	$ 1,553,407
Changes of benefit terms	-	
Differences between expected and actual experience	139,083	57,114
Changes of assumptions	-	548,351
Benefit payments, including refunds of employee contributions	(1,980,266)	(1,986,362)
Net change in total pension liability	(322,714)	172,510
Total pension liability-beginning	20,583,280	20,410,770
Total pensions liability-ending	$ 20,260,566	$ 20,583,280
Plan fiduciary net position		
Contributions-employer	$ 899,471	$ 987,168
Contributions-employee	113,727	317,976
Benefit payments, including refunds of employee contributions	(1,980,266)	(1,986,362)
Administrative expense	(17,989)	(19,743)
Other costs	29,650	-
Net change in plan fiduciary net position	(955,407)	(700,961)
Plan fiduciary net position-beginning	10,209,329	10,910,290
Plan fiduciary net position-ending	$ 9,253,922	$ 10,209,329
City's net pension liability-ending	$ 11,006,644	$ 10,373,951
Plan fiduciary net position as a percentage of the total pension liability	45.7%	49.6%

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE June 30, 2015, and, until a full 10-year trend is compiled, the City has only presented information for the years in which information is available.

Changes of assumptions: In 2016, amounts reported as changes of assumptions resulted primarily from revisions from price and wage inflation, withdrawal, pre-retirement mortality, disability, and retirement rates for active members. Changes were also made to the post-retirement mortality tables and salary scale.

Payroll-related information not provided because plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

CITY OF GULFPORT, MISSISSIPPI
Required Supplemental Information
Schedule of City's Contributions and Notes
And Related Ratios and Notes
Mississippi Municipal Retirement System (MRS)
For the Years Ended September 30

Year	Actuarially Determined Contributions*	Employer Contributions	Contribution Deficiency (Excess)	Employee Payroll**	Contributions as a Percentage of Covered Payroll**
2016	1,023,128	1,023,128	-	N/A	N/A
2015	975,093	975,093	-	N/A	N/A
2014		899,471		N/A	N/A
2013		971,252		N/A	N/A
2012		1,259,233		N/A	N/A
2011		1,545,190		N/A	N/A
2010		1,375,214		N/A	N/A
2009		1,523,859		N/A	N/A
2008		1,418,886		N/A	N/A
2007		1,137,920		N/A	N/A

*Actuarially determined contributions information only available for two years.
**Payroll-related information not provided because plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2016 were based on the June 30, 2014 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five year smoothed market
Inflation	3.50%
Salary increases	4.50 – 6.00%, including inflation Investment rate of return 8.00%, net of pension plan investment expense, including inflation

OTHER SUPPLEMENTAL INFORMATION

Supplementary information is presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation in order to be in conformity with Generally Accepted Accounting Principles.

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Non-Major Governmental Funds

Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules

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.

Debt Service Fund – This fund is used to account for the payment of principal and interest on the City's outstanding debt.

CITY OF GULFPORT, MISSISSIPPI
Non-major Governmental Funds
Combining Balance Sheet
September 30, 2016

	Special Revenue Funds				Capital Projects Funds					
	Disaster Relief Fund	Community Development Block Grant Fund	Police and Firemen's Retirement Fund	Forfeitures and Seizures Fund	1996 Public Improvement Fund	1998 Public Improvement Fund	2001 Public Improvement Fund	2003 Public Improvement Fund	Debt Service Fund	Total
Assets										
Cash and cash equivalents	$ -	$ 313,104	$ -	$ -	$ 9,488	$ 43,008	$ 227,332	$ 279,365	$ -	$ 872,297
Property taxes receivable	-	-	4,547,416	-	-	-	-	-	965,962	5,513,378
Intergovernmental receivable	1,301,975	387,265	-	-	-	-	-	-	-	1,689,240
Due from other funds	-	-	-	-	-	-	-	-	738,412	738,412
Restricted cash	-	-	-	1,086,605	-	-	-	-	-	1,086,605
Total assets	$ 1,301,975	$ 700,369	$ 4,547,416	$ 1,086,605	$ 9,488	$ 43,008	$ 227,332	$ 279,365	$ 1,704,374	$ 9,899,932
Liabilities										
Accounts payable	$ -	$ 182,480	$ 7,697	$ 53,395	$ -	$ -	$ -	$ -	$ 114,050	$ 357,622
Retainage payable	-	-	-	-	-	-	-	-	-	-
Accrued wages payable	-	4,412	-	-	-	-	-	-	-	4,412
Due to other funds	847,812	1,219,269	-	-	-	-	-	-	789,553	2,856,634
Total liabilities	847,812	1,406,161	7,697	53,395	-	-	-	-	903,603	3,218,668
Deferred inflows of resources										
Deferred inflows - property taxes	-	-	4,539,719	-	-	-	-	-	926,620	5,466,339
Total deferred inflows of resources	-	-	4,539,719	-	-	-	-	-	926,620	5,466,339
Fund Balance										
Restricted for public safety	-	-	-	1,033,210	-	-	-	-	-	1,033,210
Restricted for capital projects	454,163	-	-	-	9,488	43,008	227,332	279,365	-	1,013,356
Unassigned	-	(705,792)	-	-	-	-	-	-	(125,849)	(831,641)
Total fund balance	454,163	(705,792)	-	1,033,210	9,488	43,008	227,332	279,365	(125,849)	1,214,925
Total liabilities, deferred inflows of resources and fund balance	$ 1,301,975	$ 700,369	$ 4,547,416	$ 1,086,605	$ 9,488	$ 43,008	$ 227,332	$ 279,365	$ 1,704,374	$ 9,899,932

See Independent Auditor's Report

CITY OF GULFPORT, MISSISSIPPI
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2016

	Special Revenue Funds				Capital Projects Funds					
	Disaster Relief Fund	Community Development Block Grant Fund	Police and Firemen's Retirement Fund	Forfeitures and Seizures Fund	1996 Public Improvement Fund	1998 Public Improvement Fund	2001 Public Improvement Fund	2003 Public Improvement Fund	Debt Service Fund	Total
Revenues										
Property taxes	$ -	$ -	$ 847,698	$ -	$ -	$ -	$ -	$ -	$ 4,328,423	$ 5,176,121
Intergovernmental	-	1,179,138	36,723	1,681,515	-	-	-	-	187,697	3,085,073
Interest income	-	497	-	822	-	-	-	-	1,044	2,363
Total revenue	-	1,179,635	884,421	1,682,337	-	-	-	-	4,517,164	8,263,557
Expenditures										
Public safety	-		884,421	19,541	-	-	-	-	-	903,962
Economic development	-	1,082,977	-	-	-	-	-	-	-	1,082,977
Culture and recreation	613,623	-	-	-	-	-	-	-		613,623
Capital outlay	-	648,316	-	904,156	-	-	-	-	-	1,552,472
Debt service:										
Principal	-	-	-	-	-	-	-	-	4,034,538	4,034,538
Interest	-	-	-	-	-	-	-	-	1,357,116	1,357,116
Other debt service costs	-	-	-	-	-	-	-	-	8,497	8,497
Total expenditures	613,623	1,731,293	884,421	923,697	-	-	-	-	5,400,151	9,553,185
Excess (deficiency) of revenues over expenditures	(613,623)	(551,658)	-	758,640	-	-	-	-	(882,987)	(1,289,628)
Other financing sources:										
Transfers in	-	-	-	25,000	-	-	-	-	544,812	569,812
Transfers out	-	-	-	-	-	-	-	-	(539,146)	(539,146)
Sale of capital assets	-	-	-	219	-	-	-	-	-	219
Total other financing sources	-	-	-	25,219	-	-	-	-	5,666	30,885
Net change in fund balance	(613,623)	(551,658)	-	783,859	-	-	-	-	(877,321)	(1,258,743)
Fund balance - beginning	1,067,786	(154,134)	-	249,351	9,488	43,008	227,332	279,365	751,472	2,473,668
Fund balance - ending	$ 454,163	$ (705,792)	$ -	$ 1,033,210	$ 9,488	$ 43,008	$ 227,332	$ 279,365	$ (125,849)	$ 1,214,925

See Independent Auditor's Report

Special Revenue Funds

Budget to Actual Comparisons

Disaster Relief Fund – This fund 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 Block Grant Fund – This fund 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.

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.

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.

CITY OF GULFPORT, MISSISSIPPI
Special Revenue Funds
Disaster Relief Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

	Disaster Relief Fund			
	Original Budget	**Final Budget**	**Actual Budget Basis**	**Variance with final budget**
REVENUES				
Intergovernmental	$ 5,208,820	$ 5,208,820	$ -	$ (5,208,820)
Total revenues	5,208,820	5,208,820	-	(5,208,820)
EXPENDITURES				
Culture and recreation				
Other services and charges	2,363,306	2,363,306	920,425	1,442,881
Total culture and recreation	2,363,306	2,363,306	920,425	-
Total expenditures	2,363,306	2,363,306	920,425	1,442,881
Excess (deficiency) of revenues over expenditures	$ -	$ 2,845,514	(920,425)	$ (3,765,939)
Fund balance - October 1 - GAAP basis			1,067,786	
Receivable/revenue adjustments			-	
Payable/expenditure adjustments			306,802	
Fund balance - September 30 - GAAP basis			$ 454,163	

See Independent Auditor's Report

CITY OF GULFPORT, MISSISSIPPI
Special Revenue Funds
Community Development Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

	Community Development Block Grant Fund			
	Original Budget	**Final Budget**	**Actual Budget Basis**	**Variance with final budget**
REVENUES				
Intergovernmental	$ 7,928,718	$ 9,415,144	$ 1,240,891	$ (8,174,253)
Investment earnings	-	-	497	497
Total revenues	7,928,718	9,415,144	1,241,388	(8,173,756)
EXPENDITURES				
Economic development				
Personnel services	128,619	420,527	228,568	191,959
Supplies	2,900	15,000	1,388	13,612
Other contractual services	152,931	2,132,245	9,686	2,122,559
Capital outlay	2,935,098	4,439,753	1,455,228	2,984,525
Total Expenditures	3,219,548	7,007,525	1,694,870	5,312,655
Excess (deficiency) of revenues over expenditures	$ 4,709,170	$ 2,407,619	(453,482)	$ (2,861,101)
Fund balance - October 1- GAAP basis			(154,134)	
Receivable/revenue adjustments			(61,753)	
Payable/expenditure adjustments			(36,423)	
Fund balance - September 30 - GAAP basis			$ (705,792)	

See Independent Auditor's Report

CITY OF GULFPORT, MISSISSIPPI
Special Revenue Funds
Police and Firemen's Retirement Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

	Police and Firemen's Retirement Fund			
	Original Budget	**Final Budget**	**Actual Budget Basis**	**Variance with final budget**
REVENUES				
Property taxes	$ 988,600	$ 988,600	$ 847,340	$ (141,260)
Intergovernmental	34,000	34,000	36,723	2,723
Total revenues	1,022,600	1,022,600	884,063	(138,537)
EXPENDITURES				
Public safety				
Other services	1,022,600	1,022,600	884,063	138,537
Total Expenditures	1,022,600	1,022,600	884,063	138,537
Excess (deficiency) of revenues over expenditures	$ -	$ -	-	$ -
Fund balance - October 1 - GAAP basis			-	
Receivable/revenue adjustments			358	
Payable/expenditure adjustments			(358)	
Fund balance - September 30 - GAAP basis			$ -	

See Independent Auditor's Report

CITY OF GULFPORT, MISSISSIPPI
Special Revenue Funds
Forfeitures and Seizures Fund
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

	Forfeitures and Seizures Fund			
	Original Budget	**Final Budget**	**Actual Budget Basis**	**Variance with final budget**
REVENUES				
Intergovernmental	$ -	$ 1,678,593	$ 1,674,335	$ (4,258)
Investment earnings	-	822	822	-
Total revenues	-	1,679,415	1,675,157	(4,258)
EXPENDITURES				
Public Safety				
Personnel services	41,402	41,402	1,487	39,915
Supplies	18,971	18,971	11,289	7,682
Other contractual services	10,000	20,000	6,589	13,411
Capital outlay	446,995	2,116,410	1,073,582	1,042,828
Total Expenditures	517,368	2,196,783	1,092,947	1,103,836
Excess (deficiency) of revenues over expenditures	(517,368)	(517,368)	582,210	1,099,578
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	-	-
Total other financing sources	-	-	-	-
Excess of revenues and other sources over expenditures	$ (517,368)	$ (517,368)	582,210	$ 1,099,578
Fund balance - October 1 - GAAP basis			249,351	
Receivable/revenue adjustments			32,399	
Payable/expenditure adjustments			169,250	
Fund balance - September 30 - GAAP basis			$ 1,033,210	

See Independent Auditor's Report

Capital Projects Funds

Combining Budget to Actual Comparisons

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 Budgetary Comparison Schedule
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual Budget Basis – Non-Major Funds – Improvement Bond Funds 1996	1998	2001	2003	Major Fund Capital Projects Fund	Total Actual Budget Basis	Variance with final budget
REVENUES									
Intergovernmental	$ 10,754,719	$ 71,275,792	$ -	$ -	$ -	$ -	$ 17,376,891	$ 17,376,891	$ (53,898,901)
Miscellaneous	2,000,000	2,000,000	-	-	-	-	500,000	500,000	(1,500,000)
Investment earnings	-	-	-	-	-	-	52,061	52,061	52,061
Total revenues	12,754,719	73,275,792	-	-	-	-	17,928,952	17,928,952	(55,346,840)
EXPENDITURES									
Public works									
Debt service	-	155,062	-	-	-	-	20,192	20,192	(134,870)
Other contractual services	744,524	953,345	-	-	-	-	464,050	464,050	(489,295)
Capital outlay	31,175,826	93,589,543	-	-	-	-	10,065,596	10,065,596	(83,523,947)
Total Expenditures	31,920,350	94,697,950	-	-	-	-	10,549,838	10,549,838	(84,148,112)
Excess (deficiency) of revenues over expenditures	(19,165,631)	(21,422,158)	-	-	-	-	7,379,114	7,379,114	28,801,272
OTHER FINANCING SOURCES (USES)									
Lease proceeds	-	-	-	-	-	-	1,404,039	1,404,039	1,404,039
Operating Transfers	-	318,428	-	-	-	-	-	-	(318,428)
Total other financing sources	-	318,428	-	-	-	-	1,404,039	1,404,039	1,085,611
Excess of revenues and other sources over expenditures and other uses	$ (19,165,631)	$ (21,103,730)	-	-	-	-	8,783,153	$ 8,783,153	$ 29,886,883
Fund balance - October 1 - GAAP basis			9,488	43,008	227,292	279,256	15,213,116		
Receivable/revenue adjustments			-	-	-	-	(220,962)		
Payable/expenditure adjustments			-	-	-	-	(1,127,143)		
Fund balance - September 30 - GAAP basis			$ 9,488	$ 43,008	$ 227,292	$ 279,256	$ 22,648,164		

See Independent Auditor's Report

Debt Service Fund

Budget to Actual Comparisons

Debt Service Fund – This Fund 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
Budgetary Comparison Schedule
For the Year Ended September 30, 2016

	Debt Service Fund			
	Original Budget	**Final Budget**	**Actual Budget Basis**	**Variance with final budget**
REVENUES				
Property taxes	$ 4,610,278	$ 4,610,278	$ 4,322,838	$ (287,440)
Intergovernmental	165,000	165,000	187,697	22,697
Interest income	-	-	716	716
Total revenues	4,775,278	4,775,278	4,511,251	(264,027)
EXPENDITURES				
Debt service				
Principal and interest	5,686,000	5,686,000	5,395,785	290,215
Total Expenditures	5,686,000	5,686,000	5,395,785	290,215
Excess (deficiency) of revenues over expenditures	$ (910,722)	$ (910,722)	(884,534)	$ 26,188
Fund balance - October 1 - GAAP basis			751,472	
Receivable/revenue adjustments			550,725	
Payable/expenditure adjustments			(543,512)	
Fund balance - September 30 - GAAP basis			$ (125,849)	

See Independent Auditor's Report

Proprietary Funds

Combining and Individual Fund Financial Statements
and Budgetary Comparison Schedules

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the services to the general public on a continuing basis are financed or recovered primarily through user charges.

Internal Service Funds are used to account for the financing of goods and services provided by on department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

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Enterprise Funds
Combining Budget to Actual Comparisons

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

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

Gulfport Redevelopment Commission Fund (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 Department of Veteran Affairs in 2009. No budget information for this fund is available.

CITY OF GULFPORT, MISSISSIPPI

Enterprise Funds

Combining Budgetary Comparison Schedule

For the Year Ended September 30, 2016

			Actual Budget Basis			
			Major Fund	Non-Major Fund	Total	
	Original Budget	Final Budget	Water and Sewer Fund	Joseph T. Jones Park Fund	Actual Budget Basis	Variance with final budget
OPERATING REVENUES						
Charges for services	$ 32,116,432	$ 32,116,432	$ 30,766,976	$ 854,093	$ 31,621,069	$ (495,363)
Interest income	3,000	3,000	11,038	30	11,068	8,068
Miscellaneous	1,795,000	1,795,000	1,796,084	224,347	2,020,431	225,431
Total operating revenues	33,914,432	33,914,432	32,574,098	1,078,470	33,652,568	(261,864)
OPERATING EXPENSES						
Personnel services	1,497,013	1,497,013	1,021,816	296,912	1,318,728	(178,285)
Contractual services	20,706,250	21,635,179	19,964,486	283,934	20,248,420	(1,386,759)
Material and supplies	3,285,349	3,205,349	2,626,102	330,072	2,956,174	(249,175)
Total operating expenses	25,488,612	26,337,541	23,612,404	910,918	24,523,322	(1,814,219)
OPERATING INCOME (LOSS)	8,425,820	7,576,891	8,961,694	167,552	9,129,246	1,552,355
NON-OPERATING REVENUES AND (EXPENSES)						
Debt service	(8,899,045)	(8,954,107)	(8,860,521)	-	(8,860,521)	93,586
Capital outlay	(12,966,095)	(12,809,636)	(3,729,034)	-	(3,729,034)	9,080,602
Total non-operating revenues (net)	(21,865,140)	(21,763,743)	(12,589,555)	-	(12,589,555)	9,174,188
Change in net position	$ (13,439,320)	$ (14,186,852)	(3,627,861)	167,552	$ (3,460,309)	$ 10,726,543
Net Position - October 1 - GAAP basis			138,109,267	21,777,265		
Receivable/revenue adjustments			119,418	1,221,220		
Payable/expenditure adjustments			5,474,841	227,522		
Net Position - September 30 - GAAP basis			$ 140,075,665	$ 23,393,559		

See Independent Auditor's Report

Internal Service Funds

Combining Fund Financial Statements

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
Internal Service Funds
Combining Statement of Net Position
September 30, 2016

	Internal Service Funds		
	Group Health and Life	Claims Contingency	Total
Assets			
Cash and cash equivalents	$ -	$ 2,878,414	$ 2,878,414
Due from other funds	-	140,401	140,401
Prepaid insurance	-	900,433	900,433
Total assets	-	3,919,248	3,919,248
Liabilities			
Accounts payable	23,828	6,746	30,574
Due to other funds	253,909	-	253,909
Liability for self-insurance claims	315,387	2,540,000	2,855,387
Total liabilities	593,124	2,546,746	3,139,870
Net Position			
Unrestricted	$ (593,124)	$ 1,372,502	$ 779,378

See Independent Auditor's Report

CITY OF GULFPORT, MISSISSIPPI
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2016

	Internal Service Funds		
	Group Health and Life	Claims Contingency	Total
Revenues			
Employee contributions	$ 1,147,614	$ -	$ 1,147,614
Retiree contributions	250,919	-	250,919
Employer contributions	4,332,514	3,038,072	7,370,586
Insurance claim reimbursements	1,163,829	-	1,163,829
Miscellaneous	-	10,236	10,236
Total revenue	6,894,876	3,048,308	9,943,184
Operating expenses			
Administrative expenses	455,367	138,384	593,751
Premium payments	712,689	1,625,048	2,337,737
Claims paid	5,384,238	748,677	6,132,915
Total expenses	6,552,294	2,512,109	9,064,403
Operating income (loss)	342,582	536,199	878,781
Non-operating revenues (expenses)			
Interest income	341	1,319	1,660
Change in net position	342,923	537,518	880,441
Net position - October 1	(936,047)	834,984	(101,063)
Net position - September 30	$ (593,124)	$ 1,372,502	$ 779,378

See Independent Auditor's Report

CITY OF GULFPORT, MISSISSIPPI
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2016

	Internal Service Funds		
	Group Health and Life	**Claims Contingency**	**Total**
Cash flows from operating activities:			
Cash received from other operating receipts	$ -	$ 10,236	$ 10,236
Cash received from employees and others	1,398,533	-	1,398,533
Cash received from insurance claims	1,163,829	-	1,163,829
Cash received from employer contributions	4,332,514	3,038,072	7,370,586
Cash paid for contractual services	(7,445,332)	(2,654,280)	(10,099,612)
Net cash provided by (used) in operating activities	(550,456)	394,028	(156,428)
Cash flows from non-capital financing activities:			
Loans from (to) other funds	550,115	(5,401)	544,714
Net cash provided by non-capital financing activities	550,115	(5,401)	544,714
Cash flows from investing activities:			
Interest received	341	1,319	1,660
Net cash provided by investing activities	341	1,319	1,660
Net increase in cash and cash equivalents	-	389,946	389,946
Cash and cash equivalents - October 1	-	2,488,468	2,488,468
Cash and cash equivalents - September 30	$ -	$ 2,878,414	$ 2,878,414
Operating income (loss)	$ 342,582	$ 536,199	$ 878,781
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in assets:			
Prepaid insurance	-	59,543	59,543
Increase (decrease) in liabilities:			
Accounts payable	28,828	(1,606)	27,222
Other liabilities	(921,866)	(200,108)	(1,121,974)
Net cash provided (used) by operating activities	$ (550,456)	$ 394,028	$ (156,428)

See Independent Auditor's Report

Fiduciary Funds
Combining Fund Financial Statements

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

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

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

CITY OF GULFPORT, MISSISSIPPI

Fiduciary Funds
Combining Statement of Assets and Liabilities
September 30, 2016

	Agency Funds		
	Asset Forfeiture Fund	Coastal Narcotics Task Force Fund	Total
Assets			
Cash and cash equivalents	$ 250,513	$ 83,517	$ 334,030
Assets held for disposal	54,350	-	54,350
Total assets	$ 304,863	$ 83,517	$ 388,380
Liabilities			
Assets held in trust	304,863	83,517	388,380
Total liabilities	$ 304,863	$ 83,517	$ 388,380

See Independent Auditor's Report

CITY OF GULFPORT, MISSISSIPPI

Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities

For the Year Ended September 30, 2016

	Agency Funds			
	Balance at 10/1/2015	Additions	Deductions	Balance at 9/30/2016
Asset Forfeiture Fund				
Assets				
Cash	$ 231,450	$ 867,623	$ 848,560	$ 250,513
Assets held for disposal	54,350	-	-	54,350
Total assets	285,800	867,623	848,560	304,863
Liabilities				
Assets held in trust	285,800	867,623	848,560	304,863
Total liabilities	$ 285,800	$ 867,623	$ 848,560	$ 304,863
Coastal Narcotics Task Force Fund				
Assets				
Cash	$ 85,656	$ 4,122	$ 6,261	$ 83,517
Liabilities				
Assets held in trust	$ 85,656	$ 4,122	$ 6,261	$ 83,517
Total Agency Funds				
Assets				
Cash	$ 317,106	$ 871,745	$ 854,821	$ 334,030
Assets held for disposal	54,350	-	-	54,350
Total assets	$ 371,456	$ 871,745	$ 854,821	$ 388,380
Liabilities				
Assets held in trust	371,456	871,745	854,821	388,380
Total liabilities	$ 371,456	$ 871,745	$ 854,821	$ 388,380

CITY OF GULFPORT, MISSISSIPPI

Schedule of Surety Bonds for Public Officials

For the Year Ended September 30, 2016

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	3/17/2017
Linda K. Elias, Comptroller/City Clerk	$50,000	6/3/2017
Kourtney Wells, Deputy City Clerk	$50,000	9/9/2017
Rhonda Cole, Deputy City Clerk	$50,000	3/6/2017
Leonard Papania, Police Chief	$50,000	5/8/2017
Mary C. Collins, Deputy City Clerk	$50,000	7/25/2017
Antionette F. White, Deputy City Clerk	$50,000	9/8/2017

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Statistical Section

This part of the City of Gulfport's comprehensive annual financial report presents detailed information as to 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.

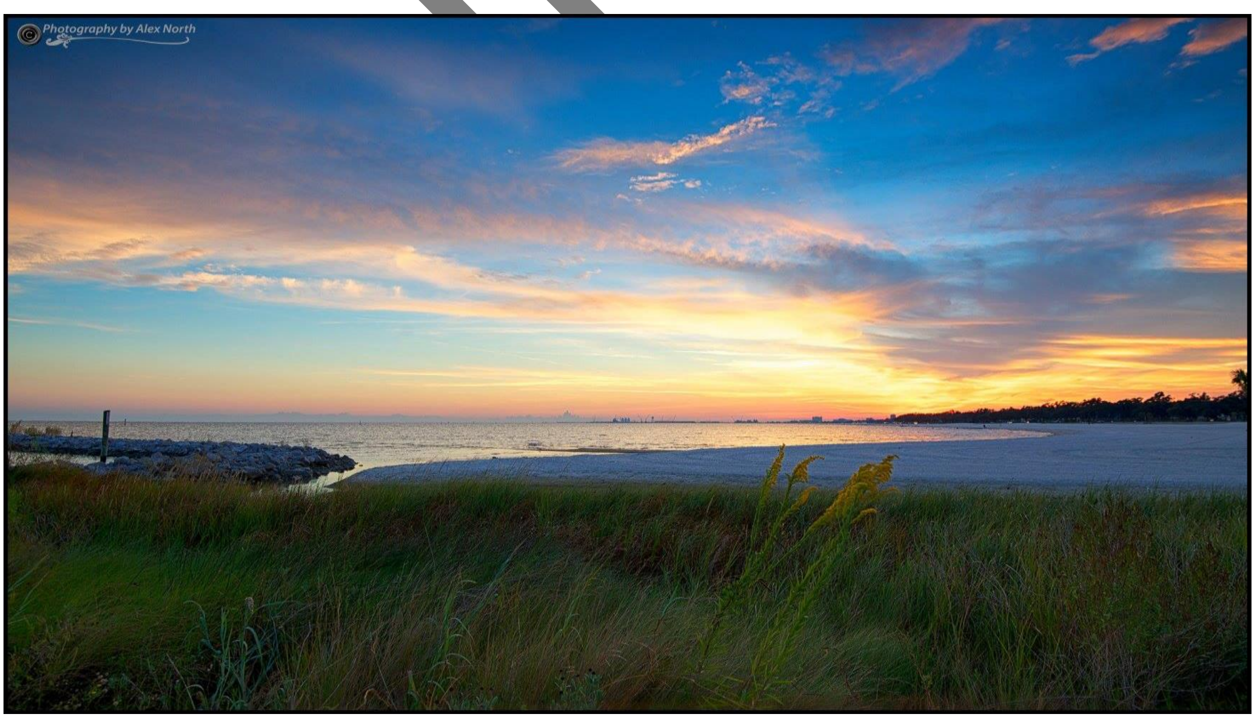
Revenue Capacity-These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

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

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 occur.

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.

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



City of Gulfport
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year 2016	2015	2014	2013
Governmental activities				
Net investment in capital assets	$ 284,125,550	$ 269,973,076	$ 285,129,249	$ 281,117,526
Restricted	12,978,620	14,019,819	13,301,974	16,868,111
Unrestricted	(61,646,834)	(54,692,070)	5,437,311	(9,402,426)
Total governmental activities net position	$ 235,457,336	$ 229,300,825	$ 303,868,534	$ 288,583,211
Business-type activities				
Net investment in capital assets	$ 187,635,987	$ 164,552,076	$ 177,125,671	$ 175,793,824
Restricted	8,486	15,731,978	952,515	952,420
Unrestricted	(2,404,430)	86,560	2,891,605	4,113,910
Total business-type activities net position	$ 185,240,043	$ 180,370,614	$ 180,969,791	$ 180,860,154
Primary government				
Net investment in capital assets	$ 471,761,537	$ 434,525,152	$ 462,254,920	$ 456,911,350
Restricted	$ 12,987,106	29,751,797	14,254,489	17,820,531
Unrestricted	(64,051,264)	(54,605,510)	8,328,916	(5,288,516)
Total primary government net position	$ 420,697,379	$ 409,671,439	$ 484,838,325	$ 469,443,365

Years 2007 thru 2013 Governmental Activities Unrestricted Net Position restated for Net Pension Asset

Schedule 1

	Fiscal Year					
	2012	2011	2010	2009	2008	2007
	$ 270,930,882	$ 266,185,951	$ 249,085,367	$ 241,003,147	$ 189,599,451	$ 188,696,228
	16,137,281	5,797,855	9,827,643	23,399,810	32,297,576	12,457,697
	(2,956,829)	112,782	(3,975,556)	(5,272,825)	2,585,625	34,765,794
	$ 284,111,334	$ 272,096,588	$ 254,937,454	$ 259,130,132	$ 224,482,652	$ 235,919,719
	$ 174,576,166	$ 166,696,100	$ 132,528,012	$ 70,723,443	$ 54,599,249	$ 35,870,524
	952,325	952,230	952,121	968,050	4,000	4,000
	3,570,295	4,723,104	2,378,590	11,971,135	14,425,629	20,910,904
	$ 179,098,786	$ 172,371,434	$ 135,858,723	$ 83,662,628	$ 69,028,878	$ 56,785,428
	$ 445,507,048	$ 432,882,051	$ 381,613,379	$ 311,726,590	$ 244,198,700	$ 224,566,752
	17,089,606	6,750,085	10,779,764	24,367,860	32,301,576	12,461,697
	613,466	4,835,886	(1,596,966)	6,698,310	17,011,254	55,676,698
	$ 463,210,120	$ 444,468,022	$ 390,796,177	$ 342,792,760	$ 293,511,530	$ 292,705,147

City of Gulfport

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year 2016	2015	2014	2013
Expenses				
Governmental activities:				
General government	$ 9,457,333	$ 9,984,277	$ 17,447,206	$ 15,406,713
Public safety	32,749,940	35,195,058	28,485,153	26,479,794
Public works	13,449,819	13,400,408	12,878,389	12,657,384
Economic development	5,151,915	3,777,350	1,927,464	2,036,416
Culture & recreation	6,337,334	8,178,271	7,876,483	5,212,892
Interest on long-term debt	1,213,855	1,262,659	1,001,747	1,493,792
Total governmental activities expense	68,360,196	71,798,023	69,616,442	63,286,991
Business-type activities				
Water and sewer	30,727,118	31,522,039	31,584,772	29,368,049
Joseph T. Jones park	1,488,774	1,580,391	1,769,575	1,737,744
Gulfport Redevelopment Commission	890,413	993,205	87,250	87,250
Total business-type activities expense	33,106,305	34,095,635	33,441,597	31,193,043
Total primary government expenses	$101,466,501	$ 105,893,658	$103,058,039	$ 94,480,034
Program Revenue				
Governmental activities:				
Charges for services:				
General government	$ 1,326,909	$ 1,120,782	$ 3,991,989	$ 3,888,141
Public safety	1,651,228	2,099,891	108,200	90,097
Public works	-	77	205,186	7,246
Economic development	1,279,488	1,211,817	1,428,906	1,251,084
Culture & recreation	691,299	713,456	714,847	813,746
Operating grants and contributions	2,499,445	3,221,880	3,157,775	5,017,529
Capital grants and contributions	19,749,006	10,118,309	3,094,349	4,325,695
Total governmental activities program revenues	27,197,375	18,486,212	12,701,252	15,393,538
Business-type activities:				
Charges for services:				
Water and sewer	31,673,688	31,966,110	30,516,277	30,367,141
Joseph T. Jones park	716,627	753,310	1,145,826	1,028,745
Operating grants and contributions	143,820	253,475		-
Capital grants and contributions		950,480	309,001	1,064,897
Total business-type activities program revenues	32,534,135	33,923,375	31,971,104	32,460,783
Total primary government program revenues	$ 59,731,510	$ 52,409,587	$ 44,672,356	$ 47,854,321
Net (Expense)/Revenue				
Governmental activities	$ (41,162,821)	$ (53,311,811)	$ (56,915,190)	$ (47,893,453)
Business-type activities	(572,170)	(172,260)	(1,470,493)	1,267,740
Total primary government net expense	$ (41,734,991)	$ (53,484,071)	$ (58,385,683)	$ (46,625,713)

Years 2007 thru 2013 Governmental Activities Unrestricted Net Position restated for Net Pension Asset

Fiscal Year					
2012	2011	2010	2009	2008	2007
$ 17,985,821	$ 14,640,152	$ 15,061,672	$ 17,895,591	$ 16,389,796	$ 8,439,737
29,205,705	27,707,275	28,908,909	32,637,921	35,181,734	30,122,550
12,482,311	11,084,442	12,235,926	14,365,217	17,911,142	27,428,901
2,122,547	2,081,041	2,289,992	2,662,668	2,468,356	2,276,098
5,793,659	5,717,562	8,869,990	16,820,045	14,361,467	10,037,906
1,677,536	1,413,236	1,564,971	1,772,771	2,355,672	1,445,005
69,267,579	62,643,708	68,931,460	86,154,213	88,668,167	79,750,197
29,943,157	26,911,222	26,940,884	26,111,077	24,476,747	15,752,495
2,947,134	164,346	104,380	87,597	110,805	124,458
87,250	-	-	-	-	-
32,977,541	27,075,568	27,045,264	26,198,674	24,587,552	15,876,953
$ 102,245,120	$ 89,719,276	$ 95,976,724	$ 112,352,887	$ 113,255,719	$ 95,627,150
$ 4,157,208	$ 4,614,756	$ 3,703,025	$ 3,726,883	$ 1,770,822	$ 2,576,853
113,522	150,421	28,761	123,813	161,265	166,858
14,161	55,885	-	-	-	-
1,110,574	1,376,726	1,426,498	1,951,181	2,620,595	2,854,504
598,271	550,700	771,647	494,019	88,456	347,523
2,664,936	3,625,390	8,564,497	15,924,930	856,785	4,756,775
20,047,920	18,384,916	14,959,682	18,696,556	17,270,909	28,536,146
28,706,592	28,758,794	29,454,110	40,917,382	22,768,832	39,238,659
30,245,886	28,604,172	24,210,429	22,892,554	22,196,429	20,571,100
520,896	11,647	11,647	7,817	10,139	5,714
-	-	-	-	-	-
8,138,942	29,957,733	52,615,994	24,267,954	255,260	806,099
38,905,724	58,573,552	76,838,070	47,168,325	22,461,828	21,382,913
$ 67,612,316	$ 87,332,346	$ 106,292,180	$ 88,085,707	$ 45,230,660	$ 60,621,572
$ (40,560,987)	$ (33,884,914)	$ (39,477,350)	$ (45,236,831)	$ (65,899,335)	$ (40,511,538)
5,928,183	31,497,984	49,792,806	20,969,651	(2,125,724)	5,505,960
$ (34,632,804)	$ (2,386,930)	$ 10,315,456	$ (24,267,180)	$ (68,025,059)	$ (35,005,578)

City of Gulfport

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year 2016	2015	2014	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	$ 18,711,363	$ 18,324,198	$ 18,432,805	$ 18,388,705
Property taxes, levied for special purposes	5,176,121	5,198,340	5,807,459	5,729,313
Sales tax	20,751,725	20,523,996	19,739,832	19,576,183
Franchise taxes	3,617,560	4,246,279	4,332,280	3,779,248
Gaming taxes	3,793,035	3,656,859	3,092,973	3,282,363
Unrestricted grants and contributions	1,506,240	1,612,414	5,292,120	3,559,724
Insurance proceeds		11,817	-	-
Gain (Loss) on Disposal of Capital Assets	(2,650,954)		(30,892)	376,346
Investment Earnings & Misc	244,918	4,442,248	105,043	162,701
Transfers	(4,542,001)		-	(454,869)
Total governmental activities	46,608,007	58,016,151	56,771,620	54,399,714
Business-type activities				
Insurance Proceeds			-	-
Gain (Loss) on Disposal of Capital Assets			(6,498)	-
Investment Earnings & Misc	892,530	5,008	52,575	38,759
Transfers	4,542,001	391,651		454,869
Total business-type activities	5,434,531	396,659	46,077	493,628
Total primary government	$ 52,042,538	$ 58,412,810	$ 56,817,697	$ 54,893,342
Governmental - Special Items:				
Prior Period Adjustments	711,325	(79,272,049)		
FEMA Community disaster loan forgiveness			16,021,567	
Business-type activities - Special items:				
Prior Period Adjustments	86,043	(823,576)		
FEMA Community disaster loan forgiveness			3,573,774	
Total primary government - Special items	$ 797,368	$ (80,095,625)	$ 19,595,341	$
Change in Net Position				
Governmental activities	$ 235,457,336	$229,300,825	$ 15,877,997	$ 3,975,972
Business-type activities	185,240,043	180,370,614	2,149,358	1,761,368
Total primary government	$ 420,697,379	$409,671,439	$ 18,027,355	$ 5,737,340

Fiscal Year 2012	2011	2010	2009	2008	2007
$ 18,457,067	$ 18,061,388	$ 17,410,169	$ 16,609,515	$ 14,120,511	$ 12,623,050
6,095,931	6,315,051	7,048,312	6,801,634	6,046,362	6,894,400
19,002,874	19,230,296	18,741,574	20,131,945	21,834,653	24,039,616
3,606,682	3,638,352	3,942,293	3,828,900	3,634,007	3,284,355
3,142,387	3,198,977	3,221,427	3,316,175	3,524,542	2,847,942
1,980,424	825,581	523,802	968,885	1,049,367	2,937,024
-	214,664	309,856	3,264,814	11,759,304	3,514,865
580,963	(126,609)	(20,349,579)	(1,850,914)	-	-
237,067	141,165	3,737,998	25,322,512	5,903,789	8,059,656
(981,225)	(3,882,228)	(1,765,333)	(3,439,783)	(13,410,267)	(1,140,348)
52,122,170	47,616,637	32,820,519	74,953,683	54,462,268	63,060,560
-	-	-	524,471	-	486,747
-	(2,971)	(81,167)	(47,347)	-	-
74,245	119,166	189,350	2,863,010	958,907	2,469,746
981,225	3,882,228	1,765,333	3,439,783	13,410,267	1,140,348
1,055,470	3,998,423	1,873,516	6,779,917	14,369,174	4,096,841
$ 53,177,640	$ 51,615,060	$ 34,694,035	$ 81,733,600	$ 68,831,442	$ 67,157,401
$	$	$	$	$	$
$ 10,764,978	$ 13,731,723	$ (6,656,831)	$ 29,716,852	$ (11,437,067)	$ 22,549,022
6,983,653	35,496,407	51,666,322	27,749,568	12,243,450	9,602,801
$ 17,748,631	$ 49,228,130	$ 45,009,491	$ 57,466,420	$ 806,383	$ 32,151,823

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

	Fiscal Year			
	2016	2015	2014	2013
General Fund				
Restricted for:				
Drug enforcement	$ -	$ -	$ -	$ -
Senior citizens program	160,591	160,512	100,000	100,000
Assigned for:				
Subsequent year appropriations				215,226
Unassigned	8,085,738	7,754,355	3,527,812	3,179,087
Total general fund	$ 8,246,329	$ 7,914,867	$ 3,627,812	$ 3,494,313
All Other Governmental Funds				
Restricted for:				
Drug enforcement	$ 1,033,210	$ 249,351	$ 800,030	$ 1,512,330
Debt service		751,472	4,720,408	3,849,656
Urban development		1,067,786	221,348	297,275
Capital projects	23,661,520	15,772,309	7,460,188	11,108,850
Hurricane repairs	-	-	-	-
Unassigned	(831,641)	(154,134)		
Nonspendable for prepaids	-	-	-	60,770
Total all other governmental funds	$ 23,863,089	$ 17,686,784	$ 13,201,974	$ 16,828,881
Total Governmental Funds	$ 32,109,418	$ 25,601,651	$ 16,829,786	$ 20,323,194

Fiscal Year					
2012	2011	2010	2009	2008	2007
$ 28,499	$ 28,499	$ 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
2,372,878	5,075,411	5,183,946	627,799	4,256,005	13,680,477
$ 2,501,377	$ 5,203,910	$ 5,312,445	$ 5,531,888	$ 12,384,181	$ 29,654,181
$ 1,458,489	$ 1,395,365	$ 2,030,276	$ 3,114,542	$ 2,886,966	$ 2,070,426
4,134,783	3,844,021	3,662,817	5,791,001	10,104,287	4,037,526
295,988	295,984	132,398	406,792	51,505	286,358
12,245,552	2,240,691	5,643,041	14,239,250	20,313,242	10,446,352
-	-	-	1,152,092	-	8,842,822
64,883	69,820	72,582	76,257	79,757	-
$ 18,199,695	$ 7,845,881	$ 11,541,114	$ 24,779,934	$ 33,435,757	$ 25,683,484
$ 20,701,072	$ 13,049,791	$ 16,853,559	$ 30,311,822	$ 45,819,938	$ 55,337,665

City of Gulfport

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year 2016	2015	2014	2013
Revenues				
Taxes				
Property	$ 23,887,484	$ 23,522,538	$ 24,240,264	$ 24,118,018
Sales	20,751,725	20,523,996	19,739,832	19,576,183
Franchise	3,617,560	4,246,279	4,332,280	3,779,248
Gaming	3,793,035	3,450,659	3,092,973	3,282,363
Licenses and permits	1,011,280	1,102,339	1,406,737	1,251,084
Intergovernmental	24,509,833	15,054,935	8,488,088	11,085,701
Charges for service	2,146,206	1,974,416	1,954,839	1,721,145
Fines & Forfeits	1,159,849	1,423,042	1,721,696	1,956,635
Miscellaneous	397,772	687,373	104,066	161,557
Total revenues	81,274,744	71,985,577	65,080,775	66,931,934
Expenditures				
General government	8,014,244	8,372,762	7,824,841	7,079,355
Public safety	29,161,755	30,264,968	31,361,182	29,433,859
Public works	8,219,646	9,586,433	10,335,506	9,927,950
Economic development	3,111,656	3,567,688	2,249,006	2,346,013
Culture & recreation	6,126,959	6,214,998	6,958,247	8,066,154
Capital Outlay	13,348,415	13,988,721	7,126,336	6,738,782
Debt Service				
Principal	4,034,538	3,268,236	3,238,072	4,140,350
Interest	1,357,116	935,696	765,011	1,128,160
Other	8,497	112,408	7,625	11,866
Total expenditures	73,382,826	76,311,910	69,865,826	68,872,489
Excess of revenues over (under) expenditures	7,891,918	(4,326,333)	(4,785,051)	(1,940,555)
Other Financing Sources (Uses)				
Capital leases	1,163,948	1,910,117	415,679	517,622
Issuance of TIF bonds			480,000	-
Payment to refunded bond escrow			(16,412,456)	-
Bond proceeds		16,000,000	15,025,000	-
Bond issue costs			(364,181)	-
Premium on refunding bonds			1,745,902	-
Insurance proceeds			-	-
Sale of capital assets	78,338	62,548	401,699	884,922
Transfers in	569,812	581,558	-	536,337
Transfers out	(3,196,249)	(581,558)	-	(991,206)
British Petroleum settlement		4,402,962	-	-
Total other financing sources (uses)	(1,384,151)	22,375,627	1,291,643	947,675
Net change in fund balance	$ 6,507,767	$ 18,049,294	$ (3,493,408)	$ (992,880)
Debt service as a % of non capital exp	8.98%	6.75%	6.38%	8.48%

2012	2011	2010	2009	2008	2007
$ 24,552,998	$ 24,376,439	$ 24,458,481	$ 23,411,149	$ 20,166,873	$ 19,517,450
19,002,874	19,230,296	18,741,574	20,131,945	21,834,653	24,039,616
3,606,682	3,638,352	3,942,293	3,828,900	3,634,007	3,284,355
3,142,387	3,197,977	3,221,427	3,316,175	3,524,542	2,847,942
1,110,574	1,342,133	1,362,510	1,695,450	2,228,349	2,803,830
21,082,548	22,835,887	24,047,981	34,908,729	19,177,061	32,943,601
1,527,177	1,502,856	985,498	952,901	953,699	848,659
1,931,800	2,548,171	2,202,505	2,673,324	1,888,998	1,393,749
201,646	75,847	459,499	1,054,812	4,406,741	7,097,624
76,158,686	78,747,958	79,421,768	91,973,385	77,814,923	94,776,826
7,187,596	7,228,142	7,279,026	8,706,354	9,284,515	7,445,333
32,448,262	30,667,009	33,477,490	35,626,715	36,821,619	29,929,880
9,728,428	8,276,579	8,809,717	10,923,312	14,597,641	25,713,928
2,428,878	2,370,885	2,551,983	2,954,131	2,687,131	2,238,014
6,787,433	5,565,858	9,315,501	16,998,771	14,492,953	9,997,168
15,098,742	20,708,636	26,012,668	26,364,288	14,125,668	12,690,199
3,497,844	3,748,258	3,725,430	3,572,981	3,394,376	3,028,101
1,279,711	1,055,136	1,209,078	1,391,971	1,311,173	1,286,601
7,675	9,165	8,165	15,453	6,201	9,715
78,464,569	79,629,668	92,389,058	106,553,976	96,721,277	92,338,939
(2,305,883)	(881,710)	(12,967,290)	(14,580,591)	(18,906,354)	2,437,887
10,000,000	-	-	-	11,209,465	1,790,535
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	214,664	309,856	3,264,815	767,530	3,239,585
1,070,368	106,085	139,929	65,170	441,620	127,023
1,193,605	773,380	4,323,038	9,927,865	21,084,020	17,789,011
(1,691,807)	(4,017,187)	(5,263,796)	(14,185,375)	(24,114,008)	(19,494,359)
-	-	-	-	-	-
10,572,166	(2,923,058)	(490,973)	(927,525)	9,388,627	3,451,795
$ 8,266,283	$ (3,804,768)	$ (13,458,263)	$ (15,508,116)	$ (9,517,727)	$ 5,889,682
7.54%	8.15%	7.43%	6.19%	5.70%	5.42%

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

	Real Property (1)(2)(3)		Personal Property		Utilities	
Fiscal Year	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value
2016	471,288	3,445,088	75,200	501,333	133,476	889,840
2015	457,861	3,346,937	82,237	548,247	126,978	846,520
2014	459,586	3,359,547	82,689	551,260	127,697	851,313
2013	460,129	3,363,516	81,023	540,153	131,213	874,753
2012	466,503	3,410,110	83,309	555,393	129,334	862,227
2011	459,746	3,360,716	80,905	539,367	125,478	836,520
2010	438,057	3,202,171	86,117	574,113	122,200	814,667
2009	433,240	3,166,959	87,524	583,493	111,864	745,760
2008	330,443	2,415,519	73,554	490,360	109,811	732,073
2007	307,011	2,244,232	57,473	383,153	109,051	727,007

(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 2009 real property figures reflect completion of real property reappraisal by Harrison County

Source: Harrison County Tax Assessor

Schedule 5

Automobiles		Total		
Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed to Actual
75,991	253,303	755,955	5,089,564	14.85%
69,253	230,843	736,329	4,972,547	14.81%
68,175	227,250	738,147	4,989,370	14.79%
69,407	231,357	741,772	5,009,779	14.81%
69,948	233,160	749,094	5,060,890	14.80%
73,952	246,507	740,081	4,983,110	14.85%
83,028	276,760	729,402	4,867,711	14.98%
86,752	289,173	719,380	4,785,386	15.03%
91,125	303,750	604,933	3,941,702	15.35%
90,733	302,443	564,268	3,656,836	15.43%

City of Gulfport

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

				Overlapping Rates						
	City of Gulfport			Harrison County			Gulfport School District			
Fiscal Year	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage	Grand Total Millage
2016	27.8	6.2	34.0	31.3	5.1	36.4	53.4	11.5	64.9	135.3
2015	27.8	6.2	34.0	31.1	5.1	36.2	53.6	11.3	64.9	135.1
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

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

Source: Harrison County Tax Collector

Schedule 7

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

	2016			**2007**		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Mississippi Power & Light	$ 114,288	1	70.27%	$ 90,598	1	79.91%
Gulfside Casino Partnership	17,649	2	10.85%			0.00%
CrossRoads Center	5,991	3	3.68%	11,361	2	10.02%
Hancock Bank	5,280	4	3.25%	2,801	5	2.47%
Bell South	5,229	5	3.22%	4,678	4	4.13%
GPCH	3,593	6	2.21%			
E.I. Dupont	3,174	7	1.95%			0.00%
Harrison-Gulfport LLC	2,758	8	1.70%			0.00%
Gulfport Factory Shops	2,398	9	1.47%	2,093	6	1.85%
Garden Park Hospital	2,278	10	1.40%			
Total	$ 162,638		100.00%	$ 113,372		100.00%

Source: Harrison County Tax Assessor

Schedule 8

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collection in Subsequent Years	Total Collections To Date: Amount	Total Collections To Date: Percentage of Levy
2016	$ 45,771	$ 43,952	96.03%	350	44,302	96.79%
2015	45,583	43,784	96.05%	-513 *	43,271	94.93%
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%

* Net of Section 42 Housing repayments by the City

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

	Governmental Activities			**Business-Type Activities**					
Fiscal Year	General Obligation Bonds	Capital Leases	Other General Obligation Debt	General Obligation Revenue Bonds	State Revolving Loans	Other Debt	Total Primary Government Debt	Percentage of Personal Income	Total Debt Per Capital
2016	$ 28,445	$ 3,319	$ 6,350	$ 35,525	$ 32,331	$ 11,061	117,031	17.79%	1.63
2015	31,212	2,468	7,305	40,253	32,516	10,952	124,706	17.75%	1.74
2014	17,320	793	8,307	42,140	23,380	-	91,940	22.69%	1.29
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

Schedule 10

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

Fiscal Year	Estimated Population	Assessed Property Value (1)	Gross General Obligation Bonds	Less Debt Service Funds	Net GO Bonded Debt	Percentage of Assessed Taxable Value of Property	Net Bonded Debt Per Capita
2016	71.9	755,955	28,445	10,338	18,107	2.40%	252
2015	71.8	736,329	31,212	3,848	27,364	3.72%	381
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

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

City of Gulfport
Direct and Overlapping Governmental Activities Debt
As of September 30, 2016
(amounts expressed in thousands)

Jurisdiction	**Debt Outstanding**	**Estimated Percentage Applicable**	**Estimated Share of Overlapping Debt**
City of Gulfport direct debt	$ 28,445	100.00%	$ 28,445
Debt repaid with property taxes:			
Harrison County	155,744	36.58%	56,971
Gulfport School District	141,080	100.00%	141,080
Overlapping debt			198,051
Total direct and overlapping debt			$ 226,496

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 repaying 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
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Debt Limit (15%)	$ 113,393	$ 110,449	$ 110,722	$ 111,266	$ 112,364
Total net GO debt applicable to limit	28,005	27,364	12,600	11,695	14,210
Legal debt margin	$ 85,388	$ 83,085	$ 98,122	$ 99,571	$ 98,154
Total net debt applicable to the limit as a percentage of the debt limit	24.70%	24.78%	11.38%	10.51%	12.65%

Fiscal Year				
2011	2010	2009	2008	2007
$ 111,012	$ 109,410	$ 107,907	$ 90,740	$ 84,640
17,091	19,800	20,203	18,296	12,784
$ 93,921	$ 89,610	$ 87,704	$ 72,444	$ 71,856
15.40%	18.10%	18.72%	20.16%	15.10%

Legal Debt Margin Calculated for Fiscal Year 2016

Assessed Value	755,955
Debt limit (15% of assessed value)	113,393
Debt applicable to limit:	
General obligation bonds	28,005
Debt service funds available	85,388
Legal debt margin	$ 113,393

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

Fiscal Year	Water and Sewer Gross Revenue	Water and Sewer (2) Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements (1)			Coverage
				Principal	Interest	Total	
2016	$ 32,210	$ 22,942	9,268	$ 3,998	$ 2,333	6,331	146.39%
2015	32,420	23,714	8,706	4,119	2,181	6,300	138.19%
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%

(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 it's debt, resulting in no related charges to the City for that year

Schedule 14

City of Gulfport
Demographic and Economic Statistics
Last Ten Calendar Years

Fiscal Year	Estimated Population (1)	Per Capita Personal Income (1)	School (2) Enrollment	Unemployment Rate (3)
2016	71,856	20,825	6,302	6.10%
2015	71,750	20,340	6,353	7.30%
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%

(1) U.S. Census BureauGCT-T1-R population estimates
(2) Gulfport School District (Pre-K thru 12th Grade)
(3) Mississippi Employment Security Commission

City of Gulfport
Principal Employers
Last Seven Fiscal Years

	2016		2015		2014		2013		2012		2011		2010	
Employer	Staff	Rank	Staff	Rank	Staff	Rank	Staff	Rank	Staff	Rank	Staff	Rank	Staff	Rank
Naval CBC Base	5,500	1	5,500	1	5,500	1	3,304	1	5,400	1	5,800	1	5,950	1
Memorial Hospital	3,331	2	3,331	2	3,331	2	3,290	2	3,290	2	2,894	2	2,894	2
Harrison Cty School	1,802	3	1,802	3	1,802	3	1,788	3	1,703	3	1,649	3	1,795	3
Island View Casino	1,206	4	1,293	4	1,206	4	1,207	4	1,337	4	1,188	5	1,170	6
Hancock Bank	864	5	864	5	864	5	864	5	864	5	864	7	1,213	5
Gulfport Schools	848	6	848	7	848	6	831	6	818	6	900	6	881	7
Mississippi Power	728	7	728	8	728	7	728	7	728	8	1,253	4	1,295	4
City of Gulfport	640	8	640	9	-	-	617	8	618	9	639	9	605	8
Trent Lott Training	636	9	636	10	636	10	-	-	-	-	-	-	-	-
Wal-Mart	585	10	-	-	-	-	585	10	585	10	585	10	585	9
Gulf Coast Shipyard	-	-	851	6	650	8	-	-	-	-	-	-	-	-
Gulf Ship, LLC	-	-	-	-	650	9	608	9	-	-	-	-	-	-
Huntington Ingalls	-	-	-	-	-	-	-	-	730	7	730	8	-	-
Trinity Yachts	-	-	-	-	-	-	-	-	-	-	-	-	500	10
Total	16,140		16,493		16,215		13,822		16,073		16,502		16,888	

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

Schedule 16

City of Gulfport
Full-Time Equivalent City Government Staff by Function/Program
Last Seven Fiscal Years

Function/Program	2016 Full-Time Equivalent Staff	2015 Full-Time Equivalent Staff	2014 Full-Time Equivalent Staff	2013 Full-Time Equivalent Staff	2012 Full-Time Equivalent Staff	2011 Full-Time Equivalent Staff	2010 Full-Time Equivalent Staff	2009 Full-Time Equivalent Staff
Mayor's Office	3	3	3	3	3	3	3	3
Council	9	9	9	9	8	8	9	9
Municipal Court	18.5	21.5	22.5	23.5	22.5	23.5	24	26
Legal	11	10	10	8.5	10	9	9	10
General Admin	32	32.5	33.5	33.5	31.5	33	33	34
Police								
Officers	161.5	168	176	167.5	176	185.5	189	183
Civilians	56	58	57	56.5	59.5	61.5	63	69
Fire								
Combat	152	156	149	158	154	158	150	155
Civilians	6	7	7	6	6	5	5	9
Public Works	36	36	37	35	34	33	31	45
Leisure Services	69.5	72	70.5	69.5	67	67.5	55	59
Community Dev	3	3	3	3	3	3	4	4
Urban/Economic Dev	26	27	27	26	26	31	30	30
Utility Department	18	18	18	18	17	18	-	2
Total	601.5	621.0	622.5	617.0	617.5	639.0	605.0	638

Schedule 17

City of Gulfport
Operating Indicators by Function/Program
Last Seven Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010
Police							
Physical arrests	10,465	11,783	10,777	11,072	11,826	12,639	11,129
Parking violations	1,356	1,781	1,823	911	1,929	2,421	1,341
Traffic violations	22,371	21,679	26,213	19,766	21,063	25,037	33,900
Fire							
Emergency responses	11,817	11,945	10,520	10,194	10,534	9,712	9,480
Fires extinguished	377	379	383	352	380	511	378
Inspections	1,624	1,956	2,325	2,220	3,616	1,548	1,699
Public Works							
Street resurfacing (miles)	12.56	3.42	8.21	34.49	7.20	18.45	3.00
Potholes repaired	714	648	745	1,041	977	733	1,184
Parks and Recreation							
Center Admissions	342,690	369,577	406,632	294,462	253,384	337,268	264,599
Water							
New connections	405	406	496	326	563	446	1,060
Water main breaks	21	33	42	36	28	33	24
Avg daily used (gal)	7,370,000	7,645,740	6,740,942	8,871,332	9,898,706	8,529,219	10,246,575
Wastewater							
Avg daily sewage treatment (gal	13,180,000	11,860,100	11,780,200	11,044,900	10,910,833	10,078,400	12,885,000

City of Gulfport
Capital Asset Statistics by Function/Program
Last Seven Fiscal Years

Function/Program	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Police							
Stations	2	2	2	2	2	2	2
Patrol Units	58	66	60	60	63	72	79
Fire Stations	11	11	11	11	12	12	12
Public Works							
Streets (miles)	1021.33	1,021.3	1,021.3	1,021.3	614.0	614.0	614.0
Street lights	13,379	10,273	10,765	9,383	9,543	9,356	8,030
Traffic signals	110	110	110	110	110	110	110
Parks and Recreations							
Acreage	600	600	600	600	600	600	600
Playgrounds	19	19	19	19	19	19	19
Ballfields	38	38	38	38	38	38	38
Tennis courts	7	7	7	7	7	7	7
Parks	31	31	31	31	31	31	31
Community centers	10	10	11	10	11	14	14
Waterfront piers	6	6	6	6	6	6	6
Boat launch ramps	14	14	14	14	14	14	14
Small craft harbor slips *	319	319	319	319	319	319	-
Water							
Water mains (miles)	448.0	447.0	423.0	418.0	412.0	409.0	401.0
Fire hydrants	3,856	3,850	3,650	3,614	3,559	3,538	2,793
Storage capacity (gal)	5,775,000	5,775,000	6,108,000	6,108,000	6,550,000	5,550,000	5,550,000
Wastewater							
Sanitary sewer (miles)	523.00	522.00	502.00	501.00	500.00	499.00	492.00
Storm sewer (miles)	505.00	504.00	502.00	501.00	500.00	499.00	492.00
Treatment capacity (gal)	17,000,000	26,907,600	27,571,500	27,550,417	30,905,833	20,235,000	21,000,000

* 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.

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MEMORANDUM

To: Mayor Billy Hewes and
Gulfport City Council

From: Greg Holmes, Planning Administrator
Urban Development Department

Date: April 7, 2017

Re: **Zoning Map Amendment 1703PC024**

Subject: St. Charles Ave Holdings, LLC, property owner, requests to rezone the tax parcel 1010G-02-023.000 from T4+ (General Urban Zone "Plus") to T5 (Urban Center Zone): located north of and adjacent to E Pass Road, south of Magnolia Street, east of Harrison Road, and west of Lindh Road, in Ward 4.

Planning Staff recommendation: To deny the request as presented and to allow a T5 Zoning

Planning Commission recommendation: To deny the rezoning from a T4+ to a B-1 zoning district. To approve a rezoning from a T4+ to a T5 zoning district.

Motion: Ladner
Second: Adolph

KEITH WILLIAMS - Chairman
MICHAEL DANIELS – **Yea**
COLETTE TOWLES – **Yea**
VIRGINIA ADOLPH – **Yea**
CHARLIE HEWES – **Yea**
EVERETTE LADNER – **Yea**
BJ SELLERS – **Absent**
WM. PRINCE JONES–**Yea**
DOUG HANCOCK – **Yea**
MARTIN WARREN, JR – **Yea**
JOHN ANTHONY – **Absent**

Action: Motion was carried unanimously.

Speaking for the Petition: Karen Loruna
Speaking against the Petition: None

On March 23, 2017, the Gulfport City Planning Commission recommended approval of the above described rezoning request in accordance with Staff recommendations and in compliance with ordinance requirement.

Please place the attached item on the Council agenda for April 18, 2017.

STAFF REPORT
(Zoning Map Amendment)

GENERAL INFORMATION

Case File Number:	1703PC024
Hearing Date:	March 23, 2017
Current Zoning/Use:	T4+ / Commercial Structure
Proposal:	St. Charles Ave Holdings, LLC, property owner, requests to rezone the tax parcel 1010G-02-023.000 from T4+ (General Urban Zone "Plus") to B-1 (Neighborhood Business)
Location:	North of and adjacent to E Pass Road, south of Magnolia Street, east of Harrison Road, and west of Lindh Road, in Ward 4.

ORIGINAL ANALYSIS

The applicant requests to rezone 2.4 acres of property that is zoned T4+ (General Urban Zone "Plus") to a B-1 (Neighborhood Business) zone. Currently, the property has an existing building with retail sales downstairs and four apartment units on the second floor. The existing building fronts Pass Road with several parking spaces that back into the right-of-way even though the property has ample storage for automobiles that would meet regulations.

Amendment of the Zoning Ordinance, including the zoning map, is intended to carry out the objective of a sound, stable and desirable environment. Casual amendment of the ordinance would be detrimental to the achievement of that objective. Therefore, the ordinance dictates that a property should be considered for rezoning only when one or more of the following conditions prevail:

(a) *Error*. There is a manifest error in the article.
(b) *Change in conditions*. Changed or changing conditions in a particular area or in the city or metropolitan area generally, make a change in the regulations necessary and desirable.
(c) *Increase in need for sites*. Increased or increasing needs for business or industrial sites in addition to sites that are available make it necessary and desirable to reclassify an area or to extend the boundaries of an existing area.
(d) *Annexation*. It is necessary and desirable to reclassify territory annexed to the city.
(e) *Ordinance changes*. Amendment to the ordinance not involving a change in classification of land is necessary.
(f) *Change in governmental property*. It is necessary to reclassify property as a result of acquisition or disposition of such property by the United States of America, the State of Mississippi, or Harrison County.

The applicant indicates error, change in conditions, increase need for sites, and ordinance changes as the existing conditions required for change as mandated by the City's Zoning Ordinance. First, error is mentioned as a justification for change, as it was zoned B-2 prior to SmartCode and was supposed to be rezoned back to B-2 when SmartCode "expired". While the applicant is correct that the area was zoned B-2 prior to SmartCode; when the SmartCode plan was amended to its "hybrid" code status, it was never intended to revert the zoning back to its prior status after SmartCode. Moreover, the "hybrid" code changes have been in effect for nearly five years, with an additional five years of full SmartCode prior to the "hybrid" change. This is the first application to convert away from this classification for this property. As such, this does not appear to be an error.

Change in conditions in the area is another point made by the applicant. "Other businesses in B-1 zoning are next door and across the street which are thriving businesses" is stated by the applicant to necessitate the change. Contrary to this statement though, there is no B-1 (or T5) zones within three-fourths of a mile. There is some B-2 nearby, which is a T6 equivalent and out of the scope of legal change for this application.

Ordinance changes as a justification for a zoning change is another statement listed by the applicant. The applicant states "many surrounding businesses are non-conforming because of the 'Smart Code'. I wish to have available similar business opportunities." This statement has some merit as there are some non-conforming uses nearby. However, non-conforming uses are intended to expire over time. It could be expected that these areas were made T4+ on purpose as a plan for the future. Nevertheless, much of Pass Road has higher intensity uses than a T4+ would allow. A change to a higher zone in this area will have the consequence of allowing adjacent properties to apply for a zoning change as well.

Any change in zone will affect the residences that live in the building and would be subject to a new list of uses that are currently not allowed. Current notification regulations will not guarantee these residents are aware of such a change.

It is important to note, the applicant is asking for an unprecedented change from a "hybrid" T4+ zone to a traditional B-1. While the applicant meets the legal requirements to request the zone, approval would set a precedence of fully reverting away from the SmartCode Ordinance. Additional problems would be created as approval would have a traditional zone fully encompassed by "hybrid" zones, i.e. spot zoning. The effects of SmartCode and "hybrid" code are beginning to show progress within segments of the City, and this amendment would be detrimental to the progress of any style of "Form Based" code in Gulfport.

A more reasonable request would be for the property to be converted to a T5, which has the same use allotments of a B-1 zone, but with more stringent parking requirements that could be waved through variances. Following this line of thought, the staff contacted the applicant by phone to ensure the requested was intended for a B-1 and not T5, to which the applicant confirmed and stated the parking restrictions of the T5. Consequently, it appears the request is made in duality to increase uses and to circumvent the parking aesthetic guidelines of the City's Transect Zones.

Changes in the ordinance disallowed a variety of uses allowed on this segment of Pass Road. It is probable that there was an over-reaching attempt to preserve the neighborhoods to the north and south of this T4+ district. Care must be given that zone changes in the area are harmonious with the surrounding neighborhoods and business districts. A B-1 change would be a radical diversion from the contiguous community and create many challenges to maintaining coherence with zoning regulations. In addition, a B-1 would be classified as spot zoning. Therefore, staff recommendation is to deny the request as presented and allow a T5 zone.

RECOMMENDATION

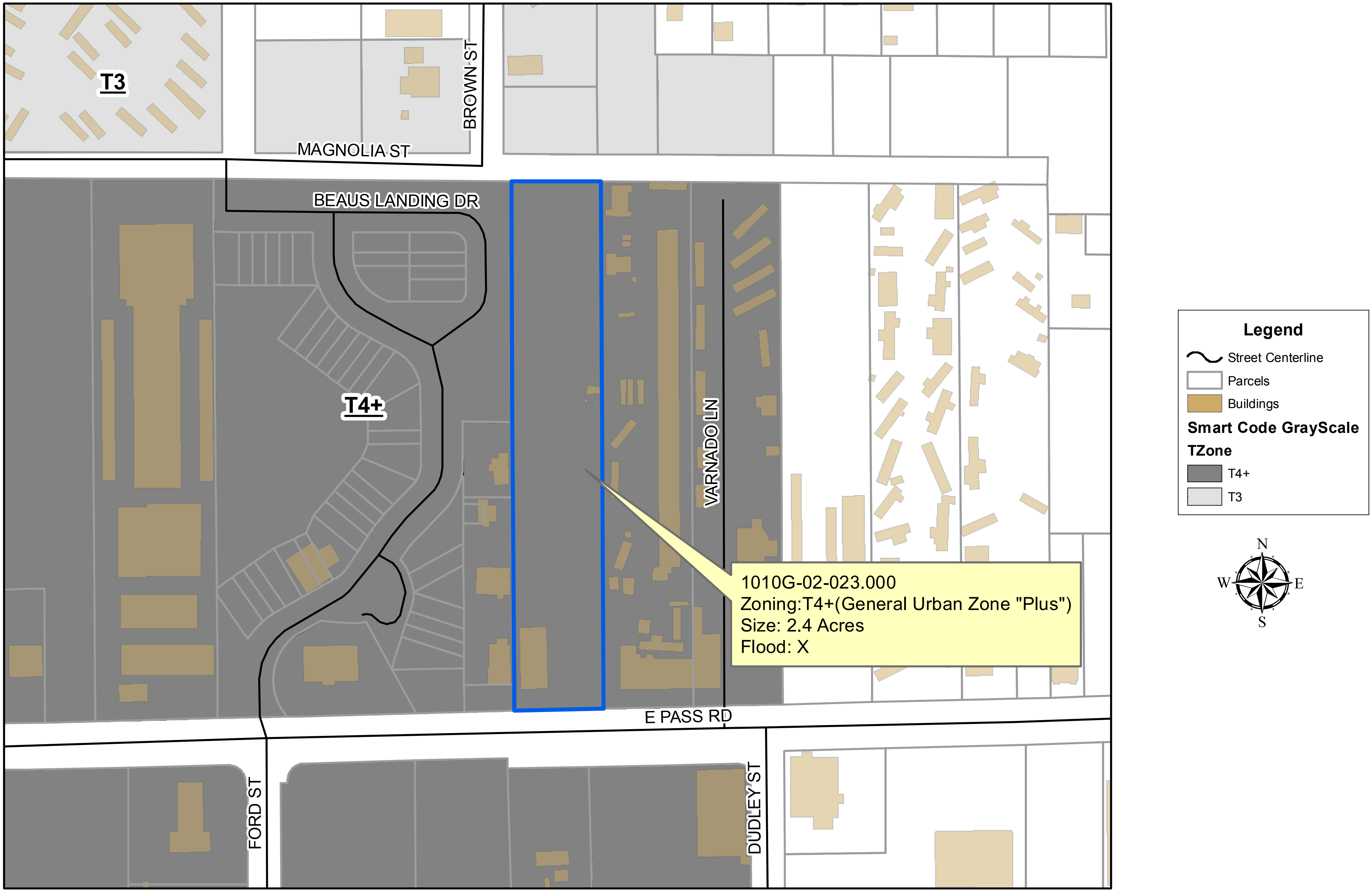
A B-1 change would be a radical diversion from the contiguous community and create many challenges to maintaining coherence with zoning regulations. In addition, a B-1 would be classified as spot zoning. Therefore, staff recommendation is to deny the request as presented and allow a T5 zone.

APPROVALS

This staff report has been reviewed and approved by:

____________________ Director of Urban Development Department
Greg Pietrangelo

1703PC024 Zoning Map Amendment



Revision date 12/20/16

$175.00

CITY OF GULFPORT
Urban Development - Planning Division
1410 24th Avenue
Gulfport, MS 39501
(228) 868-5710

For Staff Use Only

Case File #: 1703PC024

Date Received: 2-7.17 @ 11:22 am

Receipt #: 828 2059

Received By: T. Lane

Zoning: T4+

Ward: 4 Flood: X

APPLICATION FOR ZONING MAP AMENDMENT/LAND USE RECLASSIFICATION (SMARTCODE)

Property Information

TAX PARCEL # 1010G-02-023.000

(If necessary, use separate sheet of paper)

Address of Property Involved: 1956 E Pass Rd

Lot(s) 3, Block(s) 823, Subdivision Freridge Estates Partition

General Location: closest cross street Ford & Pass

GENERAL DESCRIPTION OF REQUEST:
Change zoning from T4+ to B1

OWNERSHIP AND CERTIFICATION:

I hereby certify that I have read and understand this application and that all information and attachments are true and correct. I also certify that I agree to comply with all applicable city codes, ordinances and state laws. Finally, I certify that I am the owner of the property involved in this request or have authorization to act as the owner's agent for the herein described request.

OWNER	AGENT
St. Charles Ave Holdings LLC / Karen Lorona — Printed Name Of Owner	Karen Lorona — Printed Name Of Agent
PO Box 8834 — Mailing Address	Mailing Address
City: Biloxi State: MS Zip code: 39535-8834	City State Zip code
Home Phone: Work/Cell Phone: 228-209-2329	Home Phone Work/Cell Phone
Email: appraiser300@att.net	Email
Karen Lorona — **Signature Of Owner**	Karen Lorona — **Signature Of Agent**

If the property or properties listed above have more than one owner, please check this box. In the case of multiple owners, reverse side must be completed. Each additional owner will need to complete and sign the reverse side of this application. We can only accept applications with original signatures. ☐

SECTIONS A. THROUGH H. MUST BE SUBMITTED FOR A COMPLETE APPLICATION.

Application for Zoning Map Amendment for 1956 E Pass Rd., Gulfport, MS 39507 2/6/17

Requesting B-1 Zoning

A-B Attached

D. N/A

E. Optional

F. 1. Error Before the 'Smart Code', the property was zoned B-2. When 'Smart Code' expired, the property was not rezoned to its prior zone. It was re-zone T4+

2. Other businesses in B-1 zoning are next door and across the street which are thriving businesses. My parcel would have greater potential under B-1 as before the re-zoning.

3. My parcel was already reclassified before the 'Smart Code'.

4. N/A

5. Many surrounding businesses are non-conforming because of the 'Smart Code'. I wish to have available similar business opportunities.

G.

1. St. Charles Ave. Holdings, LLC/Karen Lorona 100% owner

P. O. Box 8834, Biloxi, MS 39535-8834

2. 1-error, 2-Change in Condition, 3-Increase in need for sites, 5-Ordinance changes

3. N/A

4. The property will be able to market and attract a wide opportunity for businesses to operate.

Requesting the Planning Commission to approve multi-family for this B-1 zoning. The property is a mixed-use building which has 4 apartments above the retail businesses.

2/7/17

I, Karen Lorona, am the sole member of St. Charles Ave. Holdings, LLC.
Karen Delk is my previous married name. I have authority to sign for this LLC.

Karen Lorona

Karen Lorona 2.7.17

STATE OF MISSISSIPPI
THOMAS SCOTT LANE
ID NO. 92442
Commission Expires
04/23/2017
NOTARY PUBLIC
HARRISON COUNTY

Sworn to and subscribed to me this 7th day of February 2017.
Notary: T. Lane

Cory Long

From: Karen Lorona <appraiser300@att.net>
Sent: Thursday, March 02, 2017 11:11 AM
To: Cory Long
Subject: 1956 E Pass Rd. attachment
Attachments: zoning non permissible businesses.docx

Please include the attachment to my application for re-zoning. I am sure there are more successful business that I left out. I'm going by memory. The ones listed are productive businesses that are in non permissible zoning areas to the best of my knowledge.

Thanks for your consideration,

Karen Lorona
228-209-2329 cell

February, 2017

Some businesses around 1956 E Pass Rd. property that are not permissible according to the zoning chart of permitted uses

Mobile home park-Taylor-Hoover

Utility warehouse storage facility-Taylor-Hoover Mini-Storage

Auto truck sales-Dearman Motors & Kirk's Car Lot

Convenient store-Dollar General

Liquor store-Hardy Court Liquor & Wine (X)

Restaurant drive thru-Checkers

Animal kennel-The Dawg House

Dry-clean-Quality Dry Clean

Mini warehouse-Dependable Mini Storage & Taylor-Hoover

Trade school-Chris Beauty College

Furniture store-Living Today Home Store

Cemetery-St. James Cemetery

Automobile filling station-Mathers Express Lube

Small animal clinic-Hansboro Animal Hospital

Gulfport MISSISSIPPI

URBAN DEVELOPMENT
PLANNING DIVISION

P.O. Box 1780
Gulfport, MS 39502
Phone: 228-868-5710
Fax: 228-868-5708

Wm. H. Hardy Building
1410 24th Avenue
Gulfport, MS 39501

March 3, 2017

St. Charles Ave Holdings LLC/Karen Lorona
P.O. Box 8834
Biloxi, MS 39535

RE: Zoning Map Amendment 1703PC024: St. Charles Ave Holdings, LLC, property owner, requests to rezone the tax parcel 1010G-02-023.000 from T4+ (General Urban Zone "Plus") to T5 (Urban Center Zone): located north of and adjacent to E Pass Road, south of Magnolia Street, east of Harrison Road, and west of Lindh Road, in Ward 4.

To Whom It May Concern:

The purpose of this letter is to inform you of the above referenced application. A map showing the general location of the property involved is on the back of this letter.

The City of Gulfport Planning Commission will hold a public hearing to consider the above request at 4:30 P.M. on **Thursday, March 23, 2017** in the Council Chambers at the Gulfport City Hall located at 2309 15th Street.

It is your option whether or not to appear personally and/or speak for or against the request at the scheduled hearing. If you are unable to attend the public hearing you may submit your opinion in writing and request that it be read into the public record. If you desire, it is also your choice to be represented by an agent or attorney.

A copy of the filed application to be considered will be available for public review at the office of the Department of Urban Development – Planning Division located at the Hardy Building, 1410 24th Avenue. Adjacent property owners will not be provided any further correspondence on the matter unless an appeal is filed but may, as stated above, contact this office for additional information.

Any interested party that may feel aggrieved by the Planning Commission's recommendation may file a written notice of objection within fifteen (15) calendar days after the date of the Planning Commission hearing. The notice of objection and reasons for objecting to the decision should be stated in writing and filed with the Department of Urban Development-Planning Division. This notice of objection shall be forwarded as part of the record with the record and recommendation from the Planning Commission to the Mayor and City Council. The City Council shall make a final decision based upon the record as submitted. No new evidence may be presented at the meeting.

If you have any questions or comments, please contact this office.

Sincerely,

Thomas Lane
Planner II

CC: Agent, Adjacent Property Owners (You have been identified as owning property within 160 feet of this request)

NAME	ADDRESS_1	CITY	STATE, ZIP	
St. Charles Ave. Holdings LLC/Karen Lorona (Owner)	P.O. Box 8834	Biloxi	MS	39535
Karen Lorona (Agent)				
ADJACENT PROPERTY OWNERS				
COOK THOMAS ANTHONY C/O RODDY RUSSELL	2913 GULF AVE	GULFPORT	MS	39501
COOK THOMAS H & WF	833 BROWN ST	GULFPORT	MS	39507
COOPER ANN KAY	8736 BOSS HURLEY RD	BILOXI	MS	39532
DEARMAN PROPERTIES LLC	3500 HARDY ST	HATTIESBURG	MS	39402
ELENBAAS & DOTY PLLC C/O BEACHVIEW DENTAL	939 E SCENIC	GULFPORT	MS	39507
FERGUSON BETTY L	1720 32ND AVE	GULFPORT	MS	39501
G & G GULFPORT LLC C/O G & G LLC	1420 KING ST STE 411	ALEXANDRIA	VA	22314
GULF COAST LAND & DEVELOPMENT LLC	939 E SCENIC DR	PASS CHRISTIAN	MS	39571
GULF COAST LAND & DEVELOPMENT LLC C/O G & G	1420 KING ST STE 411	ALEXANDRIA	VA	22314
GULFPORT DUDLEY EQUITY HOLDINGS LLC	3424 POWER CENTER PKWY	LAKE CHARLES	LA	70607
HOOVER MICHELLE T	5783 LYONS STREET	PALQUEMINE	LA	70764
M P HOLDINGS LLC	2001 E PASS RD	GULFPORT	MS	39507
OSCEOLA PASS LLC	P O BOX 4077	GULFPORT	MS	39502
ST CHARLES AVE HOLDINGS LLC	P O BOX 472	BILOXI	MS	39531
STIVER DAVID & PEGGY	18563 W RIVERLINE DR	SAUCIER	MS	39574
WRIGHT MYRA BRANTON ET AL	1948 E PASS RD	GULFPORT	MS	39507

There came on for consideration at a duly constituted meeting of the City Council

and Mayor of the City of Gulfport held on the ________ day of ________________,

2017, the following Ordinance:

ORDINANCE NO. ____________

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF GULFPORT, MISSISSIPPI ADOPTED THE 29TH DAY OF JUNE, 1979, AS AMENDED, TO REZONE CERTAIN PROPERTY FROM ITS PRESENT ZONING CLASSIFICATION OF T4+ (GENERAL URBAN ZONE "PLUS") DISTRICT TO T5 (URBAN CENTER ZONE) DISTRICT

WHEREAS, the Mayor and City Council of the City of Gulfport, Mississippi, find and do so determine, based upon the recommendation of the Gulfport City Planning Commission and City departments, and based upon a reasonable consideration of the character of the district and neighborhood and suitability for particular purposes, that ad valorem tax parcel number 1010G-02-023.000, which is generally described as being located north of and adjacent to E Pass Road, south of Magnolia Street, east of Harrison Road, and west of Lindh Road, should be rezoned from its present classification of T4+ (General Urban Zone "Plus") District to T5 (Urban Center Zone) District. The Case File Number is 1703PC024.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF GULFPORT, MISSISSIPPI, AS FOLLOWS:

SECTION 1: That the Official Zoning Map of the Comprehensive Zoning Ordinance of the City of Gulfport, adopted the 29th day of June, 1979, as amended, be and the same is hereby amended to provide that the following legally described property **of T4+ (General Urban Zone "Plus") District to T5 (Urban Center Zone) District.**

Ad valorem tax parcel number 1010G-02-023.000 is legally described as:

> Lot Three (3) of the William Freridge Estate Partition, as per the survey thereof recorded in Deed Book 143 at Page 249 of the Land Deed Records of the First Judicial District of Harrison County, Mississippi, being a part of the Southwest Quarter (SW 1/4) of Section 29, Township 7 South, Range 10 West, First Judicial District of Harrison County, Mississippi; subject to that certain 6.3 foot easement, more or less, over the southern boundary of the subject property in favor of the City of Gulfport, Mississippi, as per that certain instrument recorded at Deed Book 823, at Page 132.

SECTION 2: The rezoning of said parcel shall be further subject to the following conditions: The owner, agent or lessee who requested rezoning of the property, which was subsequently rezoned by the Mayor and City Council must secure a building permit from the Building Official and commence construction within one year from the date of approval of rezoning by the City Council. If no building permit has been obtained and said plan development is not completed according to approved plans, the rezoning of said parcel shall be null and void and automatically revert back to its original zoning classification.

See also: COMPREHENSIVE ZONING ORDINANCE {Section IX (3) (b)} Reversion.

SECTION 3: For good cause being shown and the interest and welfare of the City of Gulfport, the citizens thereof require that the said Ordinance be in full force and effect immediately upon its passage and this Ordinance shall be in full force and effect from and after its passage, but shall nevertheless be published and enrolled as provided by law.

The above and foregoing Ordinance, after having been first reduced to writing, was introduced by ____________________, seconded by ____________________ and was adopted by the following roll call votes, to-wit:

<u>YEAS</u>: <u>ABSTENTIONS</u>: <u>ABSENCES</u>: <u>NAYS</u>:

WHEREUPON the President declared the motion carried and the Ordinance adopted, this the ________ day of ________________________, ____________.
(SEAL:)

ATTEST: ADOPT:

____________________________ ______________________________
CLERK OF THE COUNCIL PRESIDENT

The above and foregoing Ordinance, having been submitted and approved by the Mayor, this the ______day of __________________, ___________.

____
BILLY HEWES, Mayor

Proof of Publication

STATE OF MISSISSIPPI

COUNTY OF HARRISON

Before me, the undersigned Notary of Harrison County, Mississippi personally appeared Crista Brackett who, being by me first duly sworn, did depose and say that she is a clerk of The Sun Herald, a newspaper published in the city of Gulfport, in Harrison County, Mississippi, and the publication of the notice, a copy of which is hereto attached, has been made in said paper 1 times in the following numbers and on the following dates of such paper, viz:

Vol. 133 No., 156 dated 8 day of Mar, 2017

Vol. ______ No., ______ dated _____ day of ________, 20_____

Vol. ______ No., ______ dated _____ day of ________, 20_____

Vol. ______ No., ______ dated _____ day of ________, 20_____

Vol. ______ No., ______ dated _____ day of ________, 20_____

Vol. ______ No., ______ dated _____ day of ________, 20_____

Vol. ______ No., ______ dated _____ day of ________, 20_____

Affiant further states on oath that said newspaper has been established and published continuously in said county for a period of more than twelve months next prior to the first publication of said notice.

Crista Brackett

Clerk

Sworn to and subscribed before me this 16 day of March, A.D., 2017

Meri A. Jackson

Notary Public

*The Sun Herald has been deemed eligible for publishing legal notices in Jackson County to meet the requirements of Miss. Code 1972 Section 13-3-31 and 13-3-32

STATE OF MISSISSIPPI NOTARY PUBLIC ID # 87184 MERI A. JACKSON Commission Expires Sept. 30, 2019 HARRISON COUNTY

LEGAL NOTICE
PUBLIC HEARING

In conformance with Section VIII of the Comprehensive Zoning Ordinance of the City of Gulfport, Mississippi, 1979 as amended, notice is hereby given advising that the Gulfport City Planning Commission will hold a public hearing in the City of Gulfport, Mississippi at 4:30 P.M., Thursday, March 23rd, 2017 in the Council Chambers of the Gulfport City Hall located at 2309 15th Street to consider the following requests. A copy of the requests will be available for public review at the office of the Department of Urban Development, Planning Division, located on first floor of the William H. Hardy Building, 1410 24th Avenue.

Planning Commission Approval 1701PC011:
John Stewart of Encompass DDC, agent for Gulfport Redevelopment Commission, Marine Live Ventures, and MC Marine LLC property owners, requests Planning Commission Approval for a Gaming use on the tax parcels 0811K-02-004.003, 0811K-02-004.002, 0811K-02-006.000, 0811K-02-007.000, and 0811K-02-007.001 zoned B-2 (General Business) and E-G (Entertainment Gaming): located north of Gulfport Small Craft Harbor Road, south of and adjacent to Jones Park Drive, east of and adjacent to 27th Avenue, and west of 20th Avenue, in Ward 2.

Zoning Map Amendment 1703PC024:
St. Charles Ave Holdings, LLC, property owner, requests to rezone the tax parcel 1010G-02-023.000 from T4+ (General Urban Zone "Plus") to T5 (Urban Center Zone): located north of and adjacent to E Pass Road, south of Magnolia Street, east of Harrison Road, and west of Lindh Road, in Ward 4.

Final Plat 1703PC025:
Robert Heinrich, agent for WC Builder LLC, requests Final Plat approval for a 11-lot single family subdivision (Brookefield Subdivision) on the tax parcel 0708I-01-010.000 containing approximately 5.6 acres, zoned R-1-15 (Single Family): located north of and adjacent to Orange Grove Road, south of Crestview Drive, east of Oak Lane Drive, west of Daisy Lane, in Ward 7.

Planning Commission Approval 1703PC026:
Andy Sawyer of Sawyer Property Management, agent for Box Properties, LLC, property owner, requests a church use at 14321 Dedeaux Road on the tax parcel 0808O-01-006.000 zoned B-2 (General Business): located north of Ben Drive, south of and adjacent to Dedeaux Road, east of Tanner Road, and west of Three Rivers Road, in Ward 5.

Zoning Map Amendment 1703PC027:
Warren H. Dedeaux, agent for Dedeaux Utility Company, Inc, property owner, requests to rezone the tax parcels 1010E-02-003.000, 1010E-02-004.000, and 1010E-02-005.000 from T3 (Suburban Zone) to T4+ (General Urban Zone Plus): located north of Spring Street, south of W Pine Street, east of and adjacent to Bridge Street, and west of Cowan Road, in Ward 4.

Planning Commission Approval 1703PC028:
Shanna and Jonathan P. Cramer, property owners, request duplex uses on the tax parcels 0907I-03-060.000 and 0907I-03-059.000 zoned R-1-5 (Single Family): located north of Boles Road, south of Three Rivers Road, east of Scott Avenue, west of and adjacent to George Avenue, in Ward 6.

Resubdivision 1703PC030:
Robert Heinrich with Heinrich and Associates, LLC, agent for Melinda and Thomas Lewakowski, property owners, request to re-subdivide the tax parcel 1009M-03-009.000 zoned R-1-7.5 into three parcels; located north of Stanton Circle, south of and adjacent to Hillcrest Road, east of Oak Pointe Drive, west of Lorraine Road, in Ward 4.

Zoning Map Amendment 1703PC031:
Elizabeth Corkren, agent for James M. Carter, property owner, requests to rezone the tax parcel 0908O-04-102.000 from R-4 (General Residence) to B-1(Neighborhood Business): located north of Fortson Street, south of and adjacent to Dedeaux Road, east of Pine Hills Drive, and west of Jackson Street, in Ward 6.

This the 2nd day of March, 2017.
Keith Williams, Chairman
Gulfport City Planning Commission
ADV8,1WED [illegible]

CITY OF GULFPORT PLANNING COMMISSION

1703PC024

TRANSCRIPT OF HEARING

March 23, 2017

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TRANSCRIPT OF HEARING HELD BEFORE THE CITY OF GULFPORT PLANNING COMMISSION HELD IN THE CITY COUNCIL CHAMBERS, GULFPORT, MISSISSIPPI, ON THE 23RD DAY OF MARCH 2017 COMMENCING AT 4:30 P.M. AND REPORTED BY NORMA JEAN LADNER SOROE, CERTIFIED SHORTHAND REPORTER.

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COMMISSION MEMBERS PRESENT:

KEITH WILLIAMS, President
COLETTE TOWLES
CHARLIE HEWES
WILLIAM "PRINCE" JONES
DOUG HANCOCK
VIRGINIA ADOLPH
EVERETTE "LAD" LADNER
MICHAEL DANIELS

STAFF PRESENT:

GREG HOLMES
MATILDA WELCH
CORY LONG
MATILDA WELCH
SU-LIN BOLIN

N.J. SOROE, CSR #1297

1. Zoning Map Amendment 1703PC024
MR. LONG: Item Number 1, zoning map amendment
1703PC024, has been duly and timely noticed as required by law.
The applicant requests to rezone a tax parcel from T4+ to B-1
located north of and adjacent to East Pass Road, south of
Magnolia Street, east of Harrison Road, and west of Lindh Road
in Ward 4. A copy of the packet considered is hereby offered
into the record.
MR. WILLIAMS: Thank you.
Do we have someone here to speak for this case?
MS. LARONA: Karen Larona, 1956 East Pass Road
in Gulfport.
MR. WILLIAMS: Any comments you'd like to make
on this case at this time?
MS. LARONA: Yes. The zoning that I'm in does
not give much opportunity to rent out my building according to
multiple people.
And there's some confusion about the T5 for my
parking versus what I'm requesting which is a B-1. If there's
some confusion about that, I need to talk about that.
It was brought up at the Hardy Building but what

I was requesting was a B-1 zoning. And they called and said what about parking in front. What is that going to mean? I don't want to get that mixed up and make y'all turn me down.

MR. WILLIAMS: Right. Greg, any issues with that that you're aware of on the parking?

MR. HOLMES: This area is currently in the higher zone which basically is a mixture of transient zones and traditional zones. On the map on the right that red is T4+, to the north that yellow is T3, and that side over there, I would say that's probably in T5. So this entire area used to be Smart Code. I want to say about three or four years ago, this body recommended to take it out of Smart Code and put it into traditional zoning.

With that being said, the difference between what she's requesting and the T5, they have the same exact uses. The only difference is going to be the setbacks are going to be a little bit different, and in B-1 the parking can be up front instead of being in the rear of the building.

MR. WILLIAMS: Okay. So not any issues with that, and your parking can be on the front. It can be; right?

MR. HOLMES: Yes, in a B-1.

MR. WILLIAMS: In a B-1 it can be in the front.

MR. HEWES: But on a T5, it cannot.

MR. HOLMES: She would have to ask for a variance in order for that parking to be in the front in T5.

MR. HEWES: But the type of businesses that can be in a T5 and a B-1 are pretty much the same; is that correct?

MR. HOLMES: They are the same.

MR. HEWES: They are the same. So the main difference is parking.

MR. HOLMES: Yes, sir.

MR. HEWES: So the businesses that you've had that have not been able to go there, is it because of parking or because of the zoning?

MS. LARONA: Zoning.

MR. HEWES: Okay. So is parking an issue?

MS. LARONA: No, sir.

MR. WILLIAMS: Any questions of the applicant, any further questions?

MS. TOWLES: What is the nature of the business or the businesses that you are soliciting?

MS. LARONA: I'll tell you the ones that I've had to turn down when they called me. The first one was a beauty salon. The second was a small car lot which my neighbor across the street has a car lot. The third one was a woodworking company, and he was going to do a lot of arts and crafts, but he was going to include coffee and kitchen tables, so there's no furniture-making in that zone. And the last one was affordable wood and metal buildings.

MR. HEWES: What's been in that building in the past?

MS. LARONA: I had a great tenant for nine years which was a credit union. They bought a building on Popps Ferry and moved out a couple of months ago.

MR. HEWES: So if it is zoned T5 versus B-1, you would be okay with that?

MS. LARONA: I don't know because my tenant used the parking up front, but customers pull up and park in the front. It's not clear why that would make a difference. You're saying I won't be able to park in the front if it's a T5?

MR. HANCOCK: No. What they're telling us is the businesses that are allowed in that lot are the same regardless of the zoning that you're trying to get, the only difference is the parking. So you're saying there's existing parking in the front right now?

MS. LARONA: Right.

MR. HANCOCK: So, Greg, how would the city treat that if there's already parking in the front?

MR. HOLMES: It would be legally nonconforming. It would be allowed to exist.

MR. LADNER: Let me ask you. Isn't there a lot of parking on the side, as well?

MS. LARONA: Correct.

MR. LADNER: There's just places on the front. If I remember, this building is close to Pass Road.

MS. LARONA: It's very close to Pass Road.

MR. LADNER: So there's like three or four spaces in the front, and the majority of it is on the side which would be the east side.

MS. LARONA: Correct.

MR. LADNER: That's the way it's configured now.

MR. HANCOCK: What he's telling us is it's not going to change the businesses that can go in this property if you change the zoning. Are you aware of that? It's not going to change the type of business that is allowed in this new zoning, in this new zone.

MS. LARONA: The difference between a T4+ and a B-1?

MR. HANCOCK: Correct.

MS. LARONA: There's specific differences.

MR. HOLMES: The only difference between B-1 and the T5, they're the same.

MR. WILLIAMS: It's T4+ now. Okay.

MR. LADNER: Okay, that's clarified. So it does change the use. She's questing the change in use, as well.

MR. HOLMES: Yes. If she goes to the B-1, it would change the use. But what I'm stating is the T5 and a B-1 have the same uses.

MS. LARONA: The only difference is I'll be able to still park in the front, the existing customers or people, if it's a B-1.

MR. LADNER: Thank you for that clarification.
MR. WILLIAMS: Other questions? Okay.

N.J. SOROE, CSR #1297

If something else comes up, we'll bring you back up. Thank you.

Anyone else here to speak for this request?

Anyone here to speak against the request?

Would you give us staff's recommendation, please?

MR. LONG: A B-1 change would be a radical diversion from the contiguous community and create many challenges in maintaining coherence with the zoning regulations. In addition, a B-1 would be classified as spot zoning. Therefore, staff recommendation is to deny the request as presented and to allow a T5 zoning.

MR. WILLIAMS: So we've heard staff's recommendation. Any questions of the commissioners?

And Greg, I'm going to ask the fist one, I guess.

So what we're saying is that the staff recommendation is to deny going to the B-1 but to allow it to be a T5.

MR. HOLMES: Yes, sir.

MR. WILLIAMS: And so if she wanted to have business in there with parking in the front, she would have to come get a variance from us on that.

MR. HOLMES: From the zoning board. But if I
believe correctly, that's an existing building there. I mean,

with the parking there, she should be able to utilize it.

MR. WILLIAMS: Because it's an existing building.

MR. HOLMES: Yes.

MR. HANCOCK: So a change in zoning would prevent her from using the parking.

MR. HOLMES: No. She'd be able to use the parking. You know, it's just if she builds something new, that's when we'd have to have that conversation. She has an existing building on site.

MR. WILLIAMS: Thanks for the clarification.

MR. HEWES: So basically because it's existing, she would be grandfathered for the on-road parking basically.

MR. HOLMES: Yes, sir.

MR. HEWES: Okay.

MR. WILLIAMS: Other questions by the commissioners?

MR. LADNER: I have one question. We can make a motion, I guess, to deny, but could we include in that motion that we could approve T5?

MR. HOLMES: Yes. This body can make that motion.

MR. LADNER: Even though it's not being

requested.

MR. HOLMES: Yes.

MR. WILLIAMS: All right. Do you mind coming back up real quick?

Just as clarification since you've heard staff recommendation, would that be acceptable to you for the T5 with the use that is there, or is there issues with that?

MS. LARONA: T4+ to T5?

MR. WILLIAMS: To T5.

MS. LARONA: No.

MR. WILLIAMS: Just wanted to be sure to see if there's any issues there.

All right. Any questions for the applicant?

MS. TOWLES: I just want to make sure that she understands that, you know, we talked about grandfathering in and the parking and all that, if we change it to T5 she can still use those parking places?

MR. HOLMES: Yes, ma'am. If the use is changed to T5, she'll get the zoning, she'll get the same uses in that B-1 and still use that existing parking.

MS. LARONA: I guess the only question I have is if I can still use it, what's the harm in going to B-1?

MR. HOLMES: Well, to be honest with you, that entire area is of a different type of zoning. And if it's zoned B-1, that would be the only spot of B-1 within miles.

And it's surrounded by T zones. And that T5 gives you the same uses.

MS. LARONA: Okay. There's business all around it and there's a circle and they should be in B-1.

MR. HOLMES: I agree with you. We do the best we can to correct them when we come across them. ( ) is in the correct zone, and we can try to correct some of the nonconforming we have in the city.

MS. LARONA: So it's just easier for me to go from T4 to T5?

MR. HOLMES: Yes. And you get the same uses.

MR. WILLIAMS: Good question, though. Thank you.

All right. Commissioners, we've heard the staff's recommendation. So can I get a motion?

MR. LADNER: Mr. Chairman, I move that we deny the request in Case File Number 1703PC024 to rezone from T4+ to B-1; however, suggest rezoning from T4+ to T5.

MR. WILLIAMS: So the motion is to deny going to the B-1 but to go from the T4+ to T5. Do I have a second?

MS. ADOLPH: Second.

MR. WILLIAMS: Any further discussion? If not, all those in favor signify by saying aye.

(Unanimous vote.)

MR. WILLIAMS: Any opposed? You've been

approved for the T5. Thank you. Appreciate it.

BEFORE THE CITY OF GULFPORT PLANNING COMMISSION

1703PC024

COURT REPORTER'S CERTIFICATE

I, Norma Jean Ladner Soroe, Certified Shorthand Reporter, do hereby certify that to the best of my skill and ability I have reported the hearing held before the City of Gulfport Planning Commission and that the foregoing 10 pages constitute a true and correct transcription of said hearing held on the 23rd day of March 2017February 2041.

I do further certify that my certificate annexed hereto applies only to the original and certified transcript. The undersigned assumes no responsibility for the accuracy of any reproduced copies not made under my control and direction.

Witness my signature this the 29th day of March 2017.

____

NORMA JEAN LADNER SOROE, CSR #1297
Certified Shorthand Reporter