

Comprehensive Annual Financial Report

City of Biloxi, Mississippi

Fiscal Year Ended September 30, 2015

Prepared by:

Department of Finance and Administration

**City of Biloxi, Mississippi
 Comprehensive Annual Financial Report
 Fiscal Year Ended September 30, 2015
 Table of Contents**

I INTRODUCTORY SECTION

Listing of City Officials	1
Letter of Transmittal	2
Certificate of Achievement	10
Organizational Chart	11

II FINANCIAL SECTION

Independent Auditors' Report	12
A. Management's Discussion and Analysis (required supplementary information)	15
B. Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund balances of Governmental Funds to the Statement of Activities	25
Proprietary Fund Financial Statements	
Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Net Position	27
Statement of Cash Flows	28
Notes to the Financial Statements	30
C. Required Supplementary Information (other than MD&A)	
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – Budget Basis – General Fund	69
Pension Schedules	
Schedules of the Proportionate Share of the Net Pension Liability	71
Schedule of Pension Contributions	72
Schedule of Changes in the Net Pension Liability and Related Ratios	73

D. Combining Financial Statements

Non-Major Governmental Funds

Balance Sheet	75
Statement of Revenues, Expenditures, and Changes in Fund Balance	76

Internal Service Funds

Statement of Net Position	77
Statement of Revenues, Expenses and Changes in Fund Net Position	78
Statement of Cash Flows	79

Budget to Actual Comparison for Other Major and Non-Major Governmental Funds by Fund Type

Debt Service Fund	80
Special Revenue Funds	
Community Development Block Grant	81
Employees' Disability & Relief Funds	82
Employees' State Unemployment Fund	83
City Bicentennial Trust Fund	84
Baseball Capital Maintenance Fund	85
Capital Projects Funds	86

Budget to Actual Comparison for the Operating Accounts of the Enterprise and Internal Service Funds

Water and Sewer Fund	87
Biloxi Port Fund	88
Internal Service Funds	89

E. Supplemental Information

Schedule of Investments – All Funds	90
Schedule of Long Term Debt	91
Schedule of Surety Bonds for Municipal Officials and Other Municipal Employees	92

III. STATISTICAL SECTION

Net Position by Component	94
Changes in Net Position	95
Fund Balances, Governmental Funds	97
Changes in Fund Balance	98
Assessed Value and Actual Value of Taxable Property	99
Direct and Overlapping Property Tax Rates	99
Principal Property Tax Payers	100
Property Tax Levies and Collections	101
Ratios of Outstanding Debt by Type	102
Ratios of General Bonded Debt Outstanding	103
Direct and Overlapping Governmental Activities Debt	104
Legal Debt Margin Information	105
Pledged-Revenue Coverage	106
Demographic and Economic Statistics	107
Principal Employers	108

Full-time Equivalent City Government Employees by Function/Program	109
Operating Indicators by Function/Program	110
Capital Asset Statistics by Function/Program	111

IV. COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	112
---	-----

Independent Auditors' Report

on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	114
--	-----

Independent Auditors' Report

on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	116
---	-----

Schedule of Findings and Questioned Costs	118
--	-----

Summary Schedule of Prior Audit Findings	120
---	-----

Corrective Action Plan	121
-------------------------------	-----

Section I
Introductory Section

City of Biloxi, Mississippi

Listing of City Officials as of September 30, 2015

Elected Officials

Mayor Andrew Gilich
Councilman Ward 1George Lawrence
Councilman Ward 2Felix Gines
Councilman Ward 3Dixie Newman
Councilman Ward 4Robert L. Deming III
Councilman Ward 5Paul A. Tisdale
Councilman Ward 6Kenny Glavan
Councilman Ward 7David Fayard

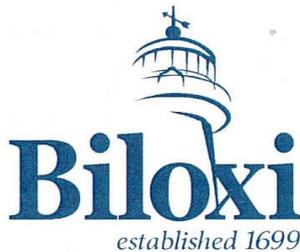
Appointed Officials

City ClerkStacy Thacker
Chief Administration OfficerDavid Nichols
Director of Police DepartmentJohn Miller
Director of Fire Department.....Joe Boney
Director of Public WorksDan Gaillet
Director of Community DevelopmentJerry Creel
Director of Parks And Recreation.....Cheryl Bell
Director of Legal.....Gerald Blessey

Letter of Transmittal

Mayor
Andrew "FoFo" Gilich

City Council
George Lawrence, Ward 1
Felix O. Gines, Ward 2
Dixie Newman, Ward 3
Robert L. Deming III, Ward 4
Paul A. Tisdale, Ward 5
Kenny Glavan, Ward 6
David Fayard, Ward 7



140 Lameuse Street
P. O. Box 429
Biloxi, Mississippi 39533
www.biloxi.ms.us

June 23, 2016

Mayor and City Council
City of Biloxi, Mississippi

We are pleased to submit the Comprehensive Annual Financial Report of the City of Biloxi (municipal government and its component unit) for the fiscal year ended September 30, 2015. The Administration of the City of Biloxi is responsible for the information presented in this report. We believe that the accompanying information is accurate and complete and fairly presents the financial position of the municipal government of the City of Biloxi as of September 30, 2015 and results of operations for the fiscal year then ended.

Control Environment

The City's management is responsible for maintaining a system of internal controls sufficient to provide reasonable assurance that City assets are safeguarded from loss and that financial transactions are recorded timely and accurately. Reasonable assurance means that internal controls are selected or designed to reduce the risk of asset loss or inaccurate bookkeeping to an acceptable level, considering the constraint that the cost of the control should not exceed the expected benefit. Management is responsible for communicating the purpose and importance of internal controls to employees and for providing the resources necessary to establish and maintain the control system.

Budgetary Controls

Prior to the beginning of each fiscal year, each department director prepares a projection of expenditures for his department. The City's budget staff develops a projection of revenues for all funds and a projection of the expenditures not included in the departmental budgets. The revenue projections and proposed expenditures are presented to the Mayor. After reviewing the draft budget proposal, the Mayor will meet with department directors to discuss their budget requests. Each director must justify his department's budget request by explaining the cost of the programs they propose for the coming year. When the Mayor is satisfied that the proposed budget conforms to the objectives and goals he has set for the coming year, the entire budget proposal is presented to the City Council. During a series of budget workshops, the City Council will review, discuss, question and debate the proposed budget and make modifications to it. The Council will invite public comment on the taxing and spending plan at a special public hearing. After determining that the revenue projections in the budget are sound and that the proposed

spending is necessary to provide the level of services and to accomplish the program goals and capital improvements proposed in the budget, the City Council will publish the proposed budget. After adopting the budget for the coming year the City Council will set the property tax rate at a level that will generate the property tax revenue necessary to raise the budgeted ad valorem tax revenue.

Mississippi law prohibits spending in excess of the budget formally adopted by the City Council and spread upon the Council's minutes. The formal budget adopted by the Council sets a limit for total expenditures for each department. For management and control purposes, a budget with greater detail is utilized by City management personnel to monitor spending. For this purpose, the total budget of each department is spread to the expenditure accounts of each department's various divisions and sections. Programmatic constraints within the City's computerized purchasing system prohibit unauthorized purchases in excess of the budget at the expenditure account level.

The City utilizes an encumbrance accounting system in monitoring spending. An encumbrance system provides for charges against the budget at the time goods or services are ordered rather than waiting until the invoice is received or the payment is made.

Independent Audit

In accordance with Section 21-35-31, Miss Code of 1972 and guidelines prescribed by the State Auditor, the financial statements presented herein have been audited by Culumber Harvey & Associates, P.A., an independent firm of Certified Public Accountants. The objective of the auditor's work is to provide the auditor with a basis upon which to express an opinion on the fairness of the City's financial statements. The auditor's opinion is included in the financial section of this report. The auditor's work involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation.

State Department of Audit regulations require the independent auditor to disclose any instance of non-compliance with certain state laws, that may come to their attention during the audit of the City's financial statements. The auditor must test for non-compliance with federal requirements applicable to each major federal program under which the City of Biloxi receives federal financial assistance.

Management's Discussion and Analysis

Management's Discussion and Analysis follows the opinion of the independent auditor and provides a narrative overview and analysis of the basic financial statements.

Profile of the City of Biloxi (The Reporting Entity)

The City of Biloxi, Mississippi was incorporated in 1838. Biloxi is located in Harrison County, and its southern corporate boundary is the Gulf of Mexico. Biloxi is part of the Biloxi, Gulfport, Pascagoula Combined Statistical Area (MSA). This area has a diverse economic base which includes tourism, casino gaming, fishing, seafood processing, shipping, shipbuilding, and petroleum and chemical processing. Keesler Air Force Base, Naval Construction Battalion

Center-Gulfport and Huntington-Ingalls Shipbuilding's Pascagoula facility are located within this Combined Statistical Area. The City of Biloxi's employees provide a full range of services to the City's citizens and visitors including planning and zoning, police and fire protection, culture and recreation, infrastructure maintenance, water and sanitation.

This report includes all funds of the City of Biloxi and any entity that management has determined to be a component unit of the City of Biloxi municipal government. Component units are entities for which the primary government (the City) is financially accountable and other entities whose relationship with the City is such that its exclusion would create misleading or incomplete financial information. The Point Cadet Development Corporation, a non-profit organization, is blended in the financial statements of the City of Biloxi as a proprietary fund.

Long-Term Financial Planning

The City ended fiscal 14/15 with a General Fund balance of \$12.7 million which is adequate for the City. However, fund balance is not a recurring resource therefore, its use to pay recurring operating expenses cannot continue indefinitely. The City's Governing Authority initiated cost reduction measures in fiscal 08/09 and 09/10. Those steps to reduce costs, included employee attrition, hiring freezes, reductions in longevity pay, and reductions in over-time and increases in employee share of health insurance costs. Also, the City has decreased General Fund cash funding of capital projects. The City's general fund surplus of revenues over expenditures was \$5.2 million (page 24) on a modified accrual basis and \$6.2 million (page 70) on a budget basis for the fiscal year ended September 30, 2015.

Local Economy and Relevant Financial Policies

The City's governing authority increased sewer rates at the end of fiscal 08/09 and again at the end of fiscal 09/10 and the increased rates produced revenue more than adequate to cover costs in fiscal 13/14. In fiscal year 2015, expenditures exceeded its revenue. In fiscal year ending September 30, 2016, the City has raised the water/sewer rates to attempt to offset this shortfall. The City governing authority has committed to annual reviews of its public utility fee structure with the goal of stabilizing its Water and Sewer Enterprise Fund.

The City has not changed its ad valorem tax rate since fiscal year 2001 when it decreased the rate by 34.8 percent. As shown in Figure 1 below, the City's ad valorem tax revenue and sales tax revenue remained about the same as in prior year while gaming tax decreased slightly.

The following charts disclose financial data for the City's governmental funds including the General Fund, Special Revenue, Capital Projects Funds and Debt Service Funds.

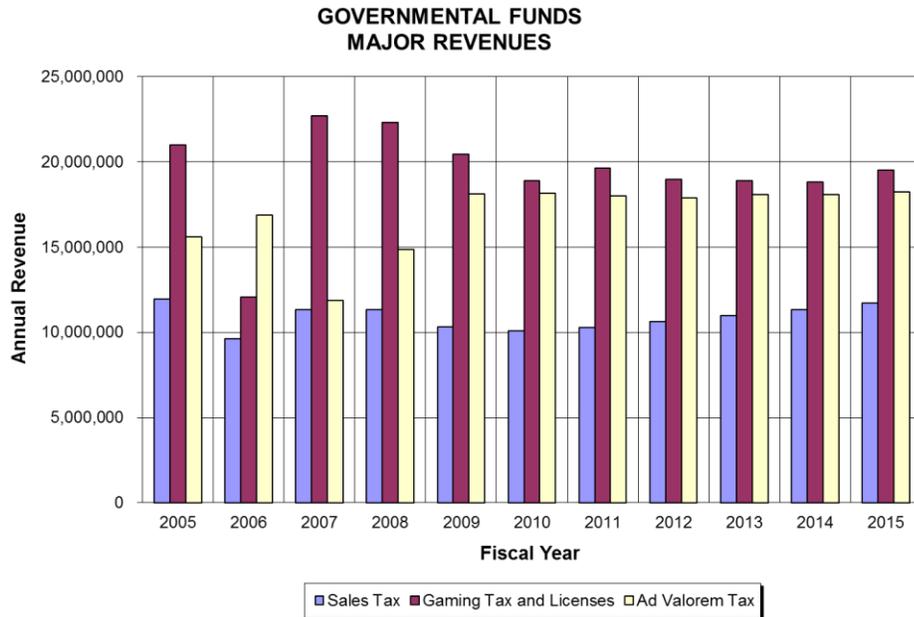


Figure 1

The amount of construction and reconstruction in fiscal 14/15 increased from fiscal 13/14 but is still below the post-Katrina peak in 06/07 as measured by the number and value of building permits issued. The City issued 5,148 building permits with a total valuation of \$181,045,858. (Fig. 2).

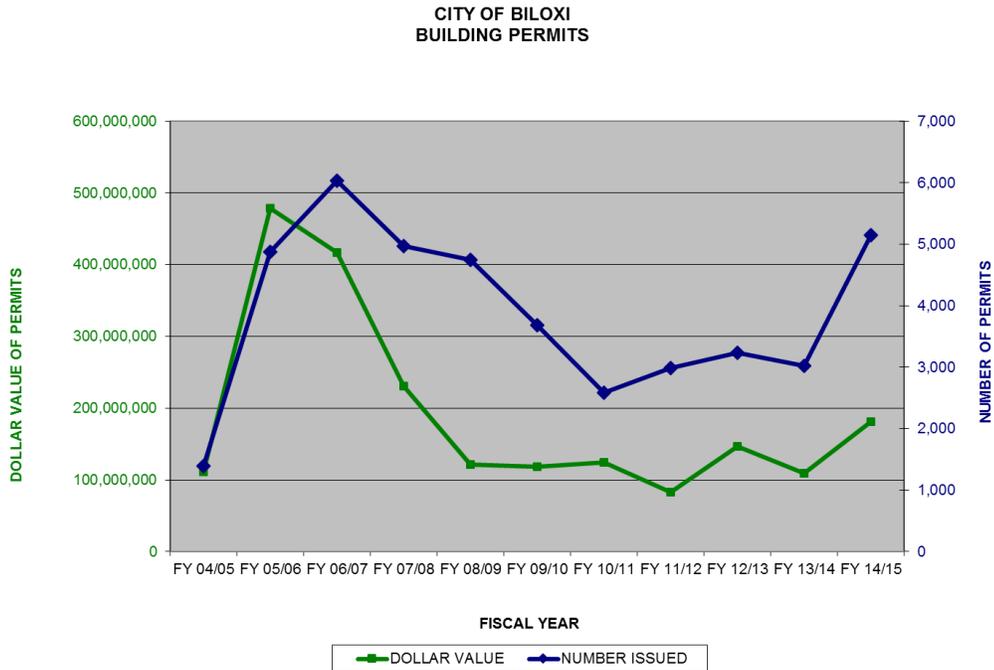


Figure 2

Governmental funds are used to account for most City functions and operations including the various City departments, the City’s two closed retirement plans, Community Development Block Grants, capital projects, and the City’s general obligation debt payments. Figure 3 illustrates the relative amounts of various general governmental revenues for the fiscal year. Usually, the City’s three largest sources of operating revenues for general governmental activities are gaming tax, ad valorem tax and sales tax. In FY 14/15 the City’s governmental funds received \$1.5 million in operating grants and \$18 million in capital grants for its governmental activities. The largest granting Federal departments were the Department of Homeland Security (FEMA) and the Department of Housing and Urban Development. Federal grant revenues are included in Other Intergovernmental.

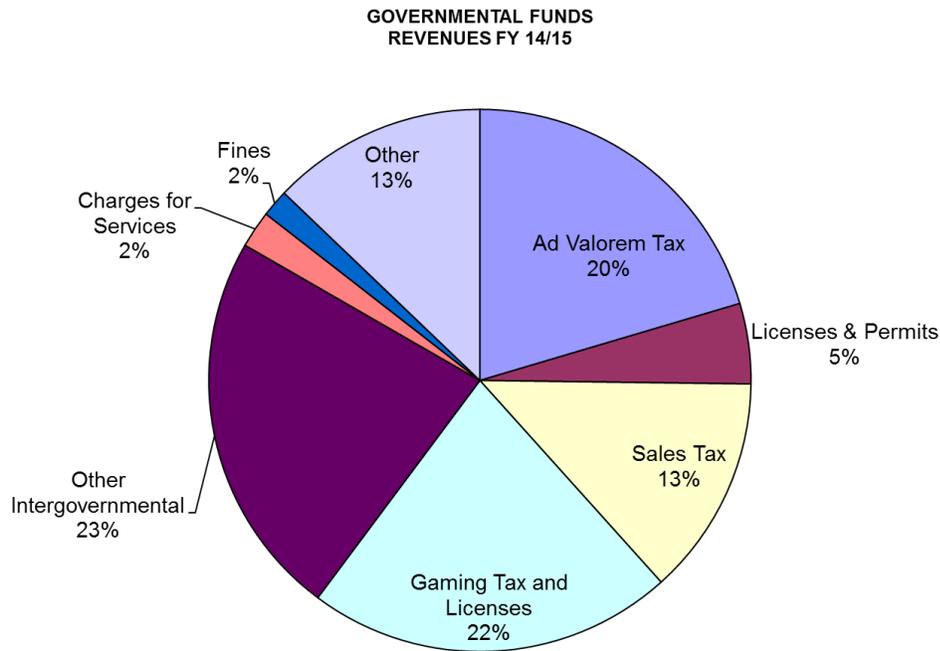


Figure 3

Gaming tax and sales tax are shown separately here but are included in the City’s governmental funds financial statements on the line titled “Intergovernmental Revenues”. Intergovernmental revenues are collected by other governmental entities such as state government and distributed to the City. Other Intergovernmental Revenue includes other taxes collected by Harrison County and the State of Mississippi and state and federal grants

Property Taxes - In Mississippi, property taxes are levied by municipalities and counties on the assessed value of land and buildings, mobile homes, automobiles, business inventory and equipment. Assessed value is a prescribed percentage of the true (appraised) value of each class of property. Classes of property and assessment ratios are defined in Section 112 of the Mississippi Constitution of 1890.

<u>Class of Property</u>	<u>Ratio</u>
Class I Single-family, owner-occupied, residential real	10%
Class II All other real property, except Class I or IV	15%
Class III Personal property, except motor vehicles and Class IV	15%
Class IV Public Utility property	30%
Class V Motor vehicles	30%

Ad valorem taxes are collected in arrears. The taxes for a calendar tax year are due by February 1 of the subsequent calendar year. Each year the governing authorities of the City of Biloxi determine the total assessed value of property situated within the City limits. Prior to the beginning of a new fiscal year, October 1, they set the tax rate (levy) that will generate the tax revenue needed for the upcoming fiscal year. In each fiscal year, the City collects the ad valorem taxes for the prior calendar tax year. To summarize, the formula for determining tax revenues from each class of property is “Appraised value X assessment ratio X tax levy = tax amount”.

Sales Tax - State law requires sellers of goods and services to collect and remit to the state sales taxes of various rates specified in the statutes. A tax rate of 7% applies to retail sales of tangible personal property. Of the taxes collected by the state each month, 18.5% of the sales tax revenue from activities within a municipal corporation is remitted to the municipal government.

Gaming Taxes - All taxes on gross gaming revenue and gaming devices are collected by the State Tax Commission, including those taxes levied by municipalities. The Gaming control act of 1990 provided a tax of eight tenths of one percent (.8%) on casino gross gaming income. This tax revenue is divided between Harrison County and the City in the proportion of the population of each.

House Bill 1504, Regular Session of 1992 (Local and Private Legislation) provided for a tax of three and two tenths of one percent (3.2%) of gross gaming revenue. On the tenth day of each month the State Tax Commission remits the taxes collected in the previous month to the municipality to be distributed in the following ratios:

- 20% for public safety
- 20% for education purposes (Biloxi sends this 20% to the Biloxi Separate School District)
- 10% to Harrison County for public safety purposes
- 10% for educational purposes in Harrison County (This 10% is distributed to the various school districts in Harrison County in the proportion of each district student enrollment to total enrollment of all school districts in the county.)

House Bill 1504 also provided for a licensing fee of \$150, annually, for each gaming device. In addition to local taxes, the Mississippi Gaming Control Act, codified in chapter 76, in title 75 of the Mississippi Code of 1972, provides that casinos pay a fee of 8% of gross gaming revenue to the State of Mississippi.

Figure 4 illustrates the trends in annual totals of revenue sources for the City’s governmental funds. Casino gaming and the resulting gaming taxes were implemented in 1992, and since that time, gaming tax revenues have become the largest, regular revenue source for the

City. Note that Other Intergovernmental Revenue increased significantly in fiscal year 05/06 due to grants for Hurricane Katrina debris removal received by the City of Biloxi from the Department of Homeland Security, Federal Emergency Management Agency.

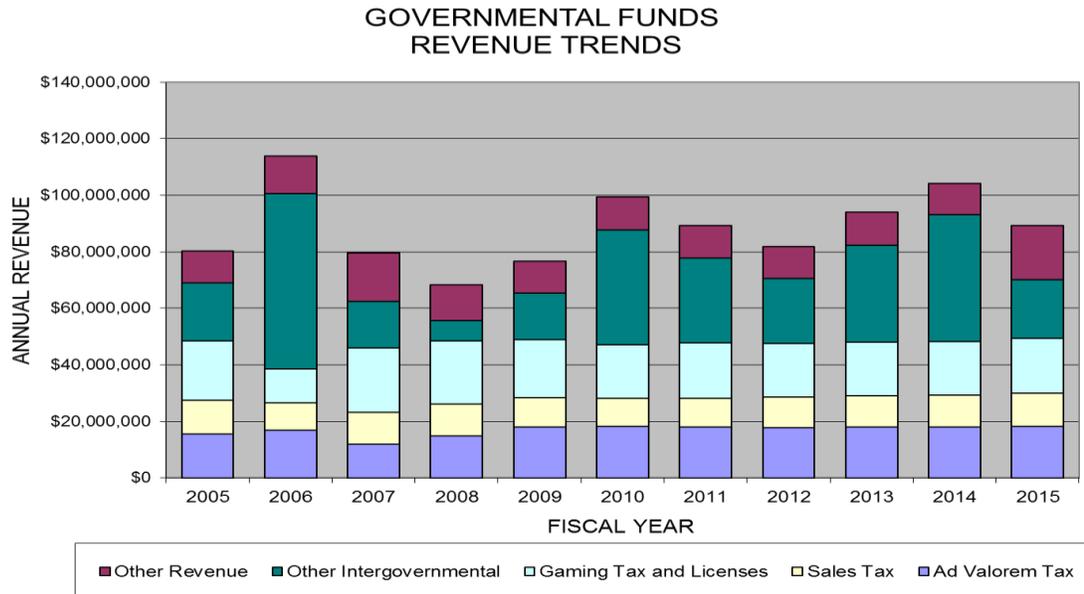


Figure 4

General Governmental Expenditures

Figure 5 illustrates the trends in spending for the various services and functions accounted for in the City’s governmental funds. Normally, public safety and capital projects are the largest expenditure categories of the City’s governmental funds. In FY 05/06 expenditures for Public Works increased due to the cost of removing debris left by Hurricane Katrina and capital project spending was curtailed. Debris removal costs were completed in FY 06/07.

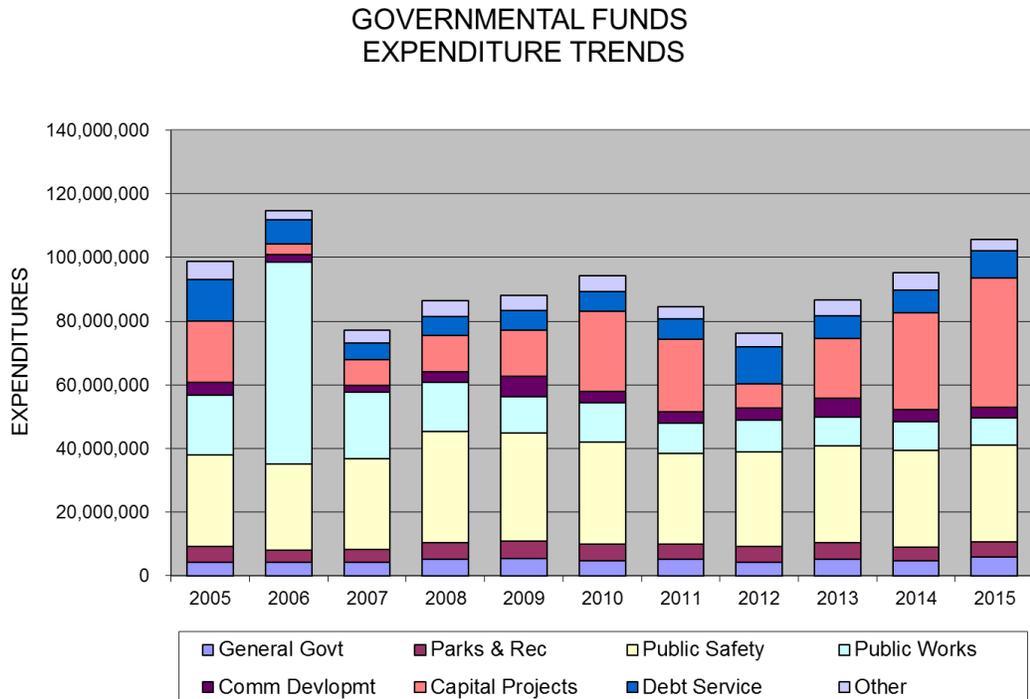


Figure 5

Water and Sewer Fund

The City of Biloxi provides water production and distribution and sewer collection and treatment services. The City accounts for the cost of these services and related revenues in an enterprise fund. The City's goal is to pay the cost of the services with the revenue generated by billing customers for their use of the service. In 2005 the City lost approximately twelve percent of its customer base to the destruction of Hurricane Katrina.

A large portion of the cost of water/sewer service is the City's share of the debt service of the Harrison County Utility Authority, which provides sewer treatment service. Because the debt service is a "fixed" cost (does not vary due to the number of customers served) the City's rates, applied to the consumption of the reduced number of customers, did not generate revenue sufficient to cover the cost of services. The City increased water and sewer rates at the end of fiscal year 08/09 and again at the end of 09/10. The City decreased rates slightly in 11/12. The City's governing authority has committed to annual cost and rate adjustments in order to reach and maintain 100 percent cost recovery.

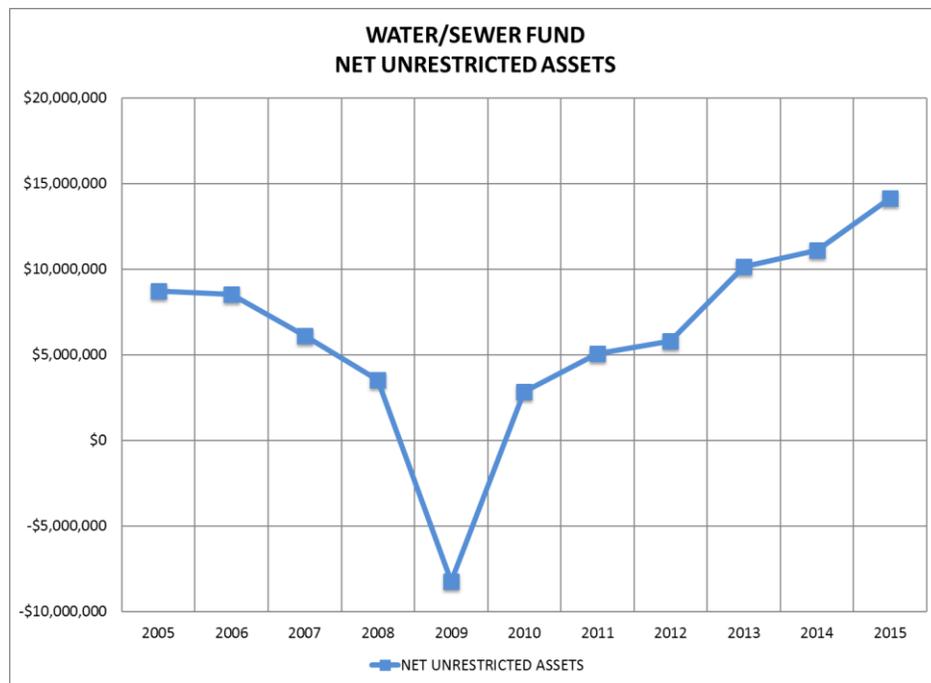
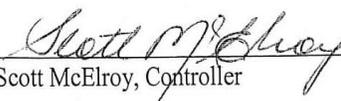


Figure 6

Respectfully submitted,


David Nichols, Chief Administration Officer


Scott McElroy, Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Biloxi
Mississippi**

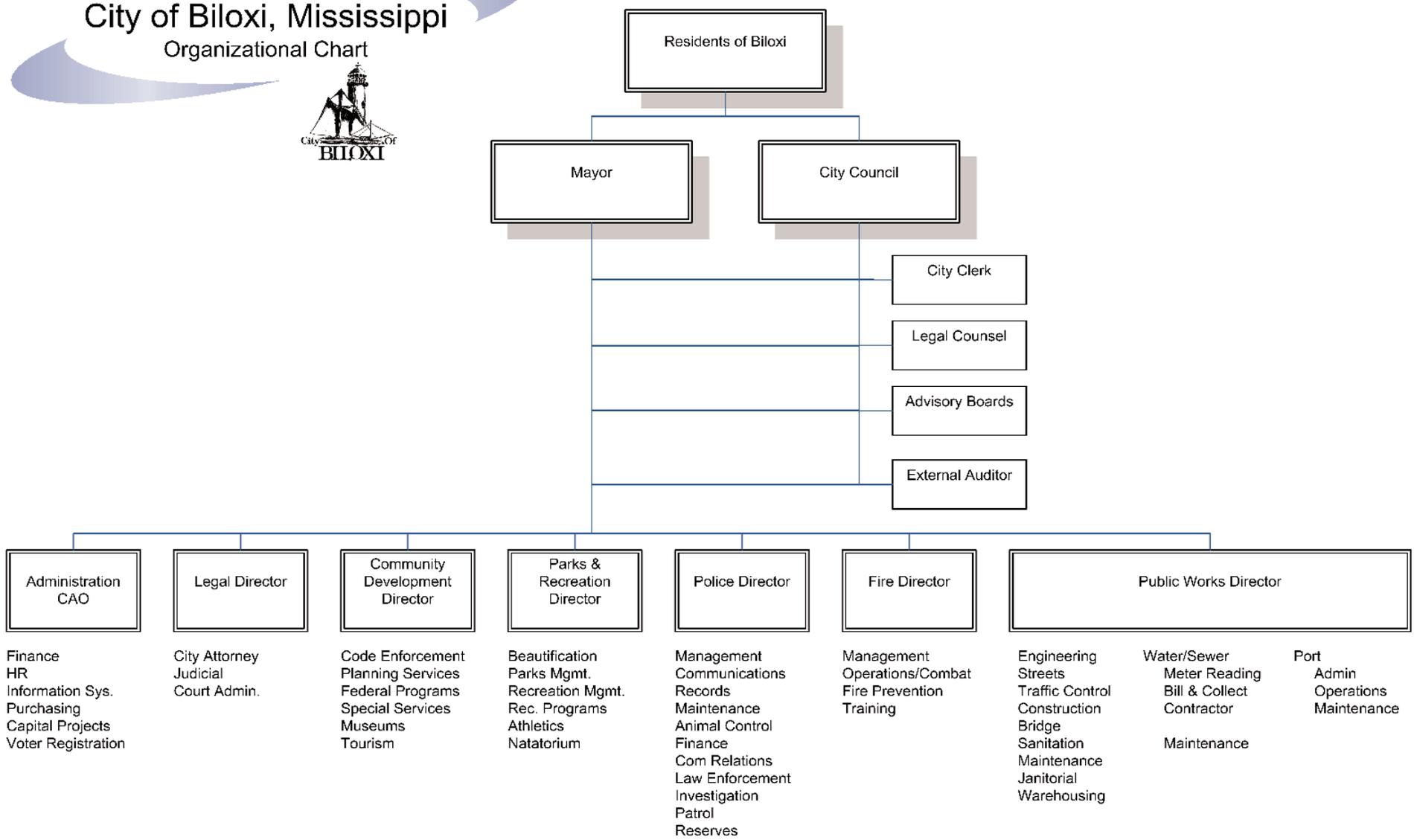
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

City of Biloxi, Mississippi

Organizational Chart



Section II

Financial Section

Independent Auditors' Report

To the City Council
City of Biloxi, 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 Biloxi, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements which collectively comprise the City of Biloxi, Mississippi's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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 Biloxi, Mississippi, as of September 30, 2015, 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.

As described in Note O to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15–19 and 69-70 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. In our opinion, management's discussion and analysis and budgetary comparison information are fairly statement in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Biloxi, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of investments – all funds, schedule of long term debt, schedule of surety bonds for municipal officials and other municipal employees, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of investments – all funds, schedule of long term debt, schedule of surety bonds for municipal officials and other municipal employees, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements, schedule of investments – all funds, schedule of long term debt, schedule of surety bonds for municipal officials and other municipal employees, and the schedule of expenditures of federal awards are 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 our report dated June 23, 2016, on our consideration of the City of Biloxi, Mississippi'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 of Biloxi, Mississippi's internal control over financial reporting and compliance.

Columbo, Harvey & Associates, P.A.

Gulfport, Mississippi
June 23, 2016

Management's Discussion and Analysis

City of Biloxi, Mississippi Management's Discussion and Analysis

Brief Discussion of the Basic Financial Statements

The City's management has prepared this discussion and analysis to provide an objective analysis of the City's financial activities and financial condition as presented in the basic financial statements which form a part of the City's Comprehensive Annual Financial Report (CAFR). The basic financial statements are presented in three parts: government-wide financial statements, fund financial statements and the notes to financial statements.

Government-wide financial statements focus on the overall financial position and activities of the City, in total, rather than the City's individual funds. In these statements, all governmental activities are consolidated into a column and all business-type activities are consolidated into a column. The two columns are added to present a total for the City as a whole. These statements include the Statement of Net Position which discloses all of the City's assets, deferred outflows, and liabilities and the difference which is titled "net position". Also included is the Statement of Activities which focuses on the cost of services provided and activities performed by the City and the source of money used to pay for the services and activities. The Statement of Activities also explains how the City's net position increased or decreased during the fiscal year. Both of the government-wide financial statements segregate functions of the City that are supported by taxes and intergovernmental revenues (governmental activities) from those functions that are mainly supported through charges to the consumer (business-type activities). The City's water and sewer utilities and the City's port operations are business-type activities. The government-wide financial statements present information for both governmental funds and proprietary funds on the accrual basis of accounting.

Fund financial statements follow the government-wide statements. These statements present the balance sheets and the statement of revenues, expenditures and changes in fund balance of the City's funds. The fund financial statements present governmental funds on the modified accrual basis of accounting. Some examples of the differences between the government-wide financial statements and the governmental fund financial statements, inherent in the differences in the basis of accounting are:

Under the modified accrual basis of accounting, capital outlays are expenditures of resources with no offsetting capital asset increase because capital assets are not shown on the balance sheet.

Principal payments on long-term debt are reported as expenditures with no offsetting reduction of liabilities because long-term liabilities are not shown on the balance sheet.

The proceeds of debt borrowing are reported as an increase (inflow) of expendable resources with no offsetting increase in liabilities.

A fund is a fiscal and accounting entity with a balanced set of accounts for recording and disclosing the reporting entity's stewardship of resources received and segregated for specific activities including the amount of resources received, the amount expended, liabilities owed and the residual balance (equity) of the funds. The City uses

funds to segregate resources and resource use according to the purpose for which the resources were segregated. The objective of fund accounting is to demonstrate compliance with budgetary and legal requirements that apply to the resources segregated in each fund.

In the fund financial statements, each of the City’s major funds is presented in a separate column. The City’s non-major funds are combined and the totals presented in one column. The distinction between governmental type activities and proprietary type activities is maintained through the presentation of separate statements for these two types of funds.

Governmental funds are used to account for governmental functions of the City of Biloxi including administration, executive, legislative, legal (general governmental activities), public safety, public works, parks and recreation, public health and welfare, capital projects and debt service. These are the functions that are presented as “Governmental Activities” in the government-wide financial statements. Presentation of financial information for the City’s governmental funds differs from the information presented in the government-wide financial statements because the focus of fund accounting is on near-term inflows and outflows of spendable resources and the balances of spendable resources available at year-end.

Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used for those activities which are financed, primarily, by charges to users and customers. Internal service funds are used for city activities that provide goods or services for the City’s various funds and departments such as the City’s Self Insurance Fund. In the government-wide financial statements these activities are called “business-type activities”.

Notes to the Financial Statements provide additional information to explain the data presented in the basic financial statements.

Government-wide Condensed Data – Governmental and Business-type Activities

Table 1
City of Biloxi
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 65,868,651	\$ 84,851,845	\$ 13,696,005	\$ 14,049,016	\$ 79,564,656	\$ 98,900,861
Capital assets	328,603,880	292,965,880	213,699,400	150,537,532	542,303,280	443,503,412
Total assets	\$ 394,472,531	\$ 377,817,725	\$ 227,395,405	\$ 164,586,548	\$ 621,867,936	\$ 542,404,273
Deferred outflows of resources	\$ 11,551,125	\$ -	\$ 747,162	\$ -	\$ 12,298,287	\$ -
Current & other liabilities	\$ 19,597,366	\$ 19,752,489	\$ 13,472,018	\$ 15,557,580	\$ 33,069,384	\$ 35,310,069
Long-term liabilities	142,221,132	85,364,190	11,481,683	5,470,509	153,702,815	90,834,699
Total liabilities	161,818,498	105,116,679	24,953,701	21,028,089	186,772,199	126,144,768
Net position						
Net investment in capital assets	257,368,270	208,874,271	206,221,705	144,899,350	463,589,975	353,773,621
Restricted	18,852,464	55,596,738	857,460	851,135	19,709,924	56,447,873
Unrestricted	(32,015,576)	8,230,037	(3,890,299)	(2,192,026)	(35,905,875)	6,038,011
Total net position	\$ 244,205,158	\$ 272,701,046	\$ 203,188,866	\$ 143,558,459	\$ 447,394,024	\$ 416,259,505

Table 2
City of Biloxi
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 9,154,252	\$ 7,370,067	\$ 16,443,363	\$ 15,622,816	\$ 25,597,615	\$ 22,992,883
Operating grants	1,467,196	902,346	-	-	1,467,196	902,346
Capital grants and contributions	18,093,700	43,981,867	64,270,784	1,939,175	82,364,484	45,921,042
General revenues						
Property taxes	18,219,645	18,061,043	222,064	223,650	18,441,709	18,284,693
Intergovernmental, unrestricted	14,970,468	14,493,067	-	-	14,970,468	14,493,067
Gaming taxes	19,506,630	18,805,326	-	-	19,506,630	18,805,326
Other revenues	8,479,246	1,950,340	(11,228)	13,534	8,468,018	1,963,874
Total revenues	89,891,137	105,564,056	80,924,983	17,799,175	170,816,120	123,363,231
Expenses						
General government	7,336,275	5,789,900	-	-	7,336,275	5,789,900
Parks and recreation	7,099,970	6,920,693	-	-	7,099,970	6,920,693
Public safety	36,471,601	36,417,140	-	-	36,471,601	36,417,140
Public works	10,485,934	10,652,115	-	-	10,485,934	10,652,115
Community development	5,350,968	3,861,583	-	-	5,350,968	3,861,583
Unallocated depreciation	2,856,092	3,043,524	-	-	2,856,092	3,043,524
Interest on long-term debt	3,820,370	2,161,010	-	-	3,820,370	2,161,010
Water and sewer service	-	-	16,266,519	15,459,099	16,266,519	15,459,099
Port Fund activities	-	-	3,326,433	2,973,079	3,326,433	2,973,079
Point Cadet Development Corporation	-	-	-	200,000	-	200,000
Total expenses	73,421,210	68,845,965	19,592,952	18,632,178	93,014,162	87,478,143
Increase (decrease) in net position before transfers	16,469,927	36,718,091	61,332,031	(833,003)	77,801,958	35,885,088
Transfers	1,338,779	(20,814,599)	(1,338,779)	20,814,599	-	-
Net increase (decrease) in net position	17,808,706	15,903,492	59,993,252	19,981,596	77,801,958	35,885,088
Net position, beginning of year	272,701,046	256,797,554	143,558,459	123,576,863	416,259,505	380,374,417
Prior period adjustment	(46,304,594)	-	(362,845)	-	(46,667,439)	-
Net position, end of year	\$ 244,205,158	\$ 272,701,046	\$ 203,188,866	\$ 143,558,459	\$ 447,394,024	\$ 416,259,505

Overall Financial Position and Results of Operations

The current year effect on net position of governmental activities increased by \$17.8 million while the fund balances of governmental funds decreased by \$22.3 million. This change in net position is reconciled in the schedule titled Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities. One major reconciling item is capital expenditures which decrease net position in the governmental fund financial statements. These capital expenditures are reported as increases in capital assets in the Statement of Net Assets rather than as an expense on the statement of Changes in Net Assets. Another major reconciling item is the effect of net pension obligation adjustment under implementation of GASB 68.

The current year effect on net position of business-type activities (Water and Sewer Fund and Port Fund) increased by \$60 million during FY 14/15. The increase was due to grant revenues from the Department of Homeland Security (more specifically, FEMA) that replaced and upgraded the water and sewer infrastructure of the City. City management expects water and sewer rates to be adequate to pay the costs of water and sewer utility services for FY 15/16.

Analysis of Significant Balances and Operation of Individual Funds

Fund Balances

General Fund - The General Fund is the City's primary operating fund. The City began fiscal year 14/15 with a General Fund balance of \$7.5 million and ended the year with a fund balance

of \$12.7 million. The increase of \$5.2 million is attributable to an increase in revenues.

Debt Service Fund - The fund balance in the City's debt service funds is required to pay principal and interest maturities due at the beginning of each fiscal year before ad valorem tax revenues collections for the year are sufficient to cover debt service for the year. Ad valorem tax revenue is the primary resource of the Debt Service Fund for payment of interest and principal.

Water and Sewer Fund – In prior years, revenues and other Water and Sewer Fund resources were not been adequate to pay the cost of operations. The Water and Sewer Fund incurred an operating loss of \$1,458,466 which includes depreciation expense of \$ 1,795,141 million. The City incurred a positive net operating net income before depreciation of \$336,675 for FY 14/15. The City's water and sewer rates were relatively low compared to other service providers in Mississippi. The loss of a significant number of utility customers due to destruction of residences and businesses by Hurricane Katrina further exacerbated this problem. At the end of fiscal 08/09 the Governing Authority increased water and sewer rates by approximately 150 percent and again increased rates at the end of FY 09/10. The Governing Authority slightly lowered rates in FY 10/11. In April of fiscal year 2016 the City has raised the rates again. The City's governing authority states that current and future rate adjustments will provide sufficient revenue to stabilize the Water and Sewer Fund in future fiscal years.

General Capital Projects Fund – The General Capital Projects Fund holds bond proceeds, grants and transfers from governmental and business type activities to fund construction projects. The decrease in fund balance for the current year is a result of the transfer of Water & Sewer utility projects that were constructed through the General Capital projects fund.

Budget Variance in the General Fund

The Basic Financial Statements include a budget to actual comparison for the City's General Fund revenues and expenditures. The comparison is made on the cash basis which differs from modified accrual because receivables and payables are not recognized. An explanation of the budget basis is provided in Note II.A. For FY 14/15 the City's governing authority originally budgeted an increase in the City's General Fund, budget basis fund balance of \$1.1 million. At year-end, the actual increase was \$6.2 million. The City's General Fund, budget basis fund balance rose from \$2.7 million to \$8.9 million. Revenues of the City's General Fund were above expectations by \$6.2 million. This dramatic change was the result of settlement from the Deepwater Horizon Disaster in the amount of \$4.1 million. City management was able to keep actual expenditures below the budgeted expenditures by \$2.1 million. The net transfers in were below budget by \$4 thousand. During the year the City Council amended the budget, primarily, for grant awards and related expenditures.

Capital Assets Activity

During FY 14/15 the City increased its investment in capital assets for governmental activities by \$36.9 million, net of dispositions and depreciation. For business type activities (Water/Sewer and Port) the City increased its investment in capital assets by \$60.2 million after dispositions and depreciation. Most of the additions were for construction of facilities and infrastructure. Much of the City's capital outlay was financed by FEMA grants. See Detail Note III. F, for additional information concerning capital asset activity for the fiscal year ended September 30, 2015.

Long-term Debt

At the beginning of the fiscal year the City of Biloxi had outstanding debt consisting of

general obligation bonds, notes, limited obligation bonds and notes, and pollution control loans. These outstanding debts totaled \$89,729,791 at the beginning of the fiscal year 14/15. During the fiscal year 14/15, the City paid \$5,651,490 of principal and paid \$3,905,378 of interest on all debt. The City borrowed \$2,273,225 from the Mississippi Pollution Control Loans to fund capital project spending. So, total outstanding debt decreased by \$2,527,932 in fiscal 14/15. In the Supplemental Information section of the financial report is a schedule titled Schedule of Long-Term Debt which discloses the beginning balances of each debt, new debt incurred and the principal amount paid during the year.

State laws limit the amount of debt a municipality may incur. General obligation bonded debt, excluding debt issued for utility purposes, is limited to 15% of assessed valuation. All debt, excluding utility revenue debt and tax increment financing bonds, is subject to a limit of 20% of assessed value. Note III. I discloses the City's compliance with statutory debt limitations.

Credit Rating

When a governmental entity issues bonds, it may obtain a rating from one or more of the bond rating agencies. The rating is a measure of the issuer's ability to repay the debt and provides a means whereby investors may measure the risk of their investment in the bonds.

On May 21, 2012, Standard & Poor's Rating Services raised its standard long-term rating from BBB+ to AA- with a stable outlook. On March 30, 2014, Standard & Poor's Rating Service affirmed that AA- for the City's long-term rating. Standard & Poor's Rating Services' rationale was based on:

- Historically very strong financial reserves that allowed it to absorb the loss of revenues associated with the impact of Hurricane Katrina;
- Stable tax base; and
- Moderate overall debt burden.

On August 11, 2006 Moody's Investors Service announced that they "affirmed the City of Biloxi's general obligation rating of "Baa1" with a stable outlook." Prior to Hurricane Katrina, Moody's Investors Service rated the City's debt "A2". See Detail Note III. H and the Supplementary Information section of the CAFR for additional information concerning the City's debt. The City's credit ratings have not been reviewed or changed since the above ratings by Standard and Poor's Ratings Services and Moody's Investors Service. The City of Biloxi \$34,020,000 Tax Increment Limited Obligation Refunding Bond, Series 2006A and B, issued during FY 06/07 were not rated.

Contact Information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Scott McElroy, City of Biloxi, P.O. Box 429, Biloxi, MS 39533.

Basic Financial Statements

City of Biloxi, Mississippi
Statement of Net Position
September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 27,622,925	\$ 2,241,459	\$ 29,864,384
Restricted cash and cash equivalents	600	1,262,882	1,263,482
Investments	8,870,548	857,460	9,728,008
Receivables:			
Taxes	6,532,657	4,976	6,537,633
Customer accounts, net	171,879	1,945,743	2,117,622
Grants	4,181,861	6,279,845	10,461,706
Other	3,191,897	706,489	3,898,386
Prepays	1,184,022	-	1,184,022
Net pension asset	14,111,051	-	14,111,051
Inventories	-	397,151	397,151
Mortgage loans receivable	1,211	-	1,211
Capital assets			
Land and construction in progress	109,994,224	129,226,697	239,220,921
Other (net of accumulated depreciation)	218,609,656	84,472,703	303,082,359
Total assets	<u>394,472,531</u>	<u>227,395,405</u>	<u>621,867,936</u>
Deferred Outflows of Resources			
Deferred outflows for pensions	11,551,125	747,162	12,298,287
Total deferred outflows of resources	<u>11,551,125</u>	<u>747,162</u>	<u>12,298,287</u>
Liabilities and Net Position			
Liabilities			
Accounts payable	14,317,992	374,007	14,691,999
Accounts payable from restricted assets	-	25,622	25,622
Customer deposits payable from restricted assets	-	1,201,304	1,201,304
Internal balances	(11,286,156)	11,286,156	-
Grant anticipation note	5,000,000	-	5,000,000
Unearned revenue	216,614	-	216,614
Noncurrent liabilities			
Due within one year			
Bonds and notes	6,031,216	493,765	6,524,981
Compensated absences	2,145,835	91,164	2,236,999
Claims payable from restricted assets	3,171,865	-	3,171,865
Due beyond one year			
Bonds and notes	73,692,948	6,983,930	80,676,878
Compensated absences	6,437,506	273,491	6,710,997
Net pension liability	62,090,678	4,224,262	66,314,940
Total liabilities	<u>161,818,498</u>	<u>24,953,701</u>	<u>186,772,199</u>
Net position			
Net investment in capital assets	257,368,270	206,221,705	463,589,975
Restricted for:			
Public safety	1,696,553	-	1,696,553
Claims	424,226	-	424,226
Debt service	16,333,200	421,916	16,755,116
Grant expenditures	92,678	-	92,678
Capital improvements	249,706	435,544	685,250
Endowment, expendable	31,101	-	31,101
Maintenance	25,000	-	25,000
Unrestricted	(32,015,576)	(3,890,299)	(35,905,875)
Total net position	<u>\$ 244,205,158</u>	<u>\$ 203,188,866</u>	<u>\$ 447,394,024</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Statement of Activities
For the Fiscal Year Ended September 30, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 7,336,275	\$ 4,513	\$ 58,631	\$ -	\$ (7,273,131)	\$ -	\$ (7,273,131)
Parks and Recreation	7,099,970	529,834	-	203,500	(6,366,636)	-	(6,366,636)
Public Safety	36,471,601	1,461,704	420,274	30,500	(34,559,123)	-	(34,559,123)
Public Works	10,485,934	1,438,371	148,655	3,351,096	(5,547,812)	-	(5,547,812)
Community Development	5,350,968	5,719,830	839,636	14,508,604	15,717,102	-	15,717,102
Unallocated Depreciation, Infrastructure	2,856,092	-	-	-	(2,856,092)	-	(2,856,092)
Interest and Other, Long-term Debt	3,820,370	-	-	-	(3,820,370)	-	(3,820,370)
Total Governmental Activities	73,421,210	9,154,252	1,467,196	18,093,700	(44,706,062)	-	(44,706,062)
Business-Type Activities							
Water and Sewer	16,266,519	14,723,045	-	64,270,784	-	62,727,310	62,727,310
Biloxi Port Fund	3,326,433	1,698,409	-	-	-	(1,628,024)	(1,628,024)
Point Cadet Development Corporation	-	21,909	-	-	-	21,909	21,909
Total Business-Type Activities	19,592,952	16,443,363	-	64,270,784	-	61,121,195	61,121,195
Total Primary Government	93,014,162	25,597,615	1,467,196	82,364,484	(44,706,062)	61,121,195	16,415,133
General revenues							
Property taxes					18,219,645	222,064	18,441,709
Intergovernmental, unrestricted					14,970,468	-	14,970,468
Gaming taxes					19,506,630	-	19,506,630
Other taxes					490,324	-	490,324
Grants and contributions not restricted to specific programs					1,200,000	-	1,200,000
Unrestricted investment earnings					51,589	(11,228)	40,361
Miscellaneous					6,737,333	-	6,737,333
Transfers					1,338,779	(1,338,779)	-
Total general revenues and transfers					62,514,768	(1,127,943)	61,386,825
Change in net position					17,808,706	59,993,252	77,801,958
Net position - beginning of period					272,701,046	143,558,459	416,259,505
Prior period adjustment					(46,304,594)	(362,845)	(46,667,439)
Net position - beginning as restated					<u>226,396,452</u>	<u>143,195,614</u>	<u>369,592,066</u>
Net position - end of period					<u>\$ 244,205,158</u>	<u>\$ 203,188,866</u>	<u>\$ 447,394,024</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	General Capital Projects Fund	Debt Service Fund	2014 General Obligation Bond Fund	2014 Special Obligation Bond Series	Other Non-Major Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 11,333,284	\$ 4,551,397	\$ 9,393,429	\$ -	\$ -	\$ 480,335	\$ 25,758,445
Restricted cash and cash equivalents	600	-	-	-	-	-	600
Investments	-	-	14	7,526,870	2	1,343,662	8,870,548
Receivables:							
Taxes	6,443,947	-	67,992	-	-	20,718	6,532,657
Customer accounts, net	171,879	-	-	-	-	-	171,879
Grants	355,128	3,794,209	-	-	-	32,524	4,181,861
Other	1,899,227	-	1,200,000	-	-	92,670	3,191,897
Due from other city funds	-	20,249,596	5,787,988	17,973	-	-	26,055,557
Prepays	1,184,022	-	-	-	-	-	1,184,022
Mortgage loans receivable	-	-	-	-	-	1,211	1,211
Total assets	\$ 21,388,087	\$ 28,595,202	\$ 16,449,423	\$ 7,544,843	\$ 2	\$ 1,971,120	\$ 75,948,677
Liabilities and Fund Balance							
Liabilities							
Accounts payable and accrued liabilities	\$ 5,057,509	\$ 11,254,826	\$ 98,250	\$ -	\$ -	\$ 53,242	\$ 16,463,827
Due to other city funds	3,609,902	12,127,640	17,973	398,793	-	1,160	16,155,468
Grant anticipation note	-	5,000,000	-	-	-	-	5,000,000
Deferred revenue	3,878	212,736	-	-	-	-	216,614
Total liabilities	8,671,289	28,595,202	116,223	398,793	-	54,402	37,835,909
Fund Balances							
Nonspendable							
Prepays	1,184,022	-	-	-	-	-	1,184,022
Long-term Receivables	-	-	-	-	-	1,211	1,211
Restricted for							
Public Safety	1,696,553	-	-	-	-	-	1,696,553
Claims	-	-	-	-	-	424,226	424,226
Endowment	-	-	-	-	-	31,101	31,101
Maintenance	-	-	-	-	-	25,000	25,000
Committed for							
Grant Expenditures	-	-	-	-	-	92,678	92,678
Capital Improvements	249,706	-	-	7,146,050	2	1,342,502	8,738,260
Debt Service	-	-	16,333,200	-	-	-	16,333,200
Unassigned	9,586,517	-	-	-	-	-	9,586,517
Total fund balances	12,716,798	-	16,333,200	7,146,050	2	1,916,718	38,112,768
Total liabilities and fund balances	\$ 21,388,087	\$ 28,595,202	\$ 16,449,423	\$ 7,544,843	\$ 2	\$ 1,971,120	\$ 75,948,677

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2015

Total fund balances of governmental funds on the balance sheet, page 22		\$ 38,112,768
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		328,603,880
Internal service funds are used by management to account for the costs of the City's risk management, including insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		78,682
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 asset - Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan		14,111,051
Net pension obligation - Public Employees' Retirement System Defined Benefit Pension Plan		(62,090,678)
Deferred outflows 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 - Firemen's and Policemen's Disability and Relief Plan and Employees' Disability and Relief Plan		588,692
Deferred outflows of resources related to pensions - Public Employees' System Defined Benefit Pension Plan		10,962,433
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		
Notes Payable	(4,447,703)	
Bonds Payable	(74,680,000)	
Capital leases payable	(596,461)	
Compensated absences	(6,437,506)	
	(86,161,670)	
Net position of governmental activities, page 20		\$ 244,205,158

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2015

	General Fund	General Capital Projects Fund	Debt Service Fund	2014 General Obligation Bond Fund	2014 Special Obligation Bond Series	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Ad valorem taxes	\$ 10,969,495	\$ -	\$ 5,910,940	\$ -	\$ -	\$ 1,339,210	\$ 18,219,645
Licenses and permits	4,273,811	-	-	-	-	-	4,273,811
Intergovernmental	32,588,636	17,442,030	1,233,608	-	-	622,209	51,886,483
Charges for services	1,969,514	-	-	-	-	-	1,969,514
Fines	1,452,446	-	-	-	-	-	1,452,446
Other	11,245,362	-	18,574	991	684	202,272	11,467,883
Total revenues	<u>62,499,264</u>	<u>17,442,030</u>	<u>7,163,122</u>	<u>991</u>	<u>684</u>	<u>2,163,691</u>	<u>89,269,782</u>
Expenditures							
Current:							
General government	6,085,993	-	-	-	-	1,568	6,087,561
Parks and recreation	4,740,023	-	-	-	-	-	4,740,023
Public safety	29,702,321	-	-	-	-	1,339,210	31,041,531
Public works	8,548,707	-	-	-	-	-	8,548,707
Community development	3,380,869	-	-	-	-	55,574	3,436,443
Non-departmental	3,533,429	-	-	-	-	-	3,533,429
Debt service							
Principal retirement	-	-	4,707,794	-	-	-	4,707,794
Interest and other	-	-	3,820,370	-	-	-	3,820,370
Capital outlay, projects	-	47,843,061	-	-	-	-	47,843,061
Total expenditures	<u>55,991,342</u>	<u>47,843,061</u>	<u>8,528,164</u>	<u>-</u>	<u>-</u>	<u>1,396,352</u>	<u>113,758,919</u>
Excess (deficiency) of revenues over expenditures	<u>6,507,922</u>	<u>(30,401,031)</u>	<u>(1,365,042)</u>	<u>991</u>	<u>684</u>	<u>767,339</u>	<u>(24,489,137)</u>
Other financing sources (uses)							
Capital lease	850,333	-	-	-	-	-	850,333
Transfers in	729,671	26,032,182	3,371	-	-	25,000	26,790,224
Transfers out	(2,897,193)	-	-	(5,271,339)	(16,130,620)	(1,152,293)	(25,451,445)
Total other financing sources (uses)	<u>(1,317,189)</u>	<u>26,032,182</u>	<u>3,371</u>	<u>(5,271,339)</u>	<u>(16,130,620)</u>	<u>(1,127,293)</u>	<u>2,189,112</u>
Net change in fund balance	5,190,733	(4,368,849)	(1,361,671)	(5,270,348)	(16,129,936)	(359,954)	(22,300,025)
Fund balances, beginning of year	7,526,065	4,368,849	17,694,871	12,416,398	16,129,938	2,276,672	60,412,793
Fund balances, end of year	<u>\$ 12,716,798</u>	<u>\$ -</u>	<u>\$ 16,333,200</u>	<u>\$ 7,146,050</u>	<u>\$ 2</u>	<u>\$ 1,916,718</u>	<u>\$ 38,112,768</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances of governmental funds, page 24 \$ (22,300,025)

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.

Expenditures for capital assets	43,972,825	
Less: current year depreciation	<u>(7,702,803)</u>	36,270,022

The issuance of long-term debt (bonds payable) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of borrowed principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net position. This is the amount by which proceeds exceeds repayments.

Capital lease	(850,333)	
Principal payments	4,707,794	
Lease payments	<u>509,984</u>	4,367,445

Some revenues reported in the statement of activities do not provide current financial resources and there are not reported as revenues in governmental funds.

Donated assets	621,170	
Seized assets	30,500	
Basis of assets sold	<u>(47,254)</u>	604,416

Some expenses reported in the statement of activities do not require the use of current financial resources and there are not reported as expenditures in governmental funds.

Change in net pension obligation - Firemen's and and Policemen's Disability and Relief Plan and Employees' Disability and Relief Plan	1,100,818	
Change in net pension obligation - Public Employees' System Defined Benefit Pension Plan	(12,238,315)	
Change in deferred outflows - Firemen's and and Policemen's Disability and Relief Plan and Employees' Disability and Relief Plan	408,874	
Change in deferred outflows - Public Employees' System Defined Benefit Pension Plan	9,919,606	
Change in long-term compensated absences	<u>(324,320)</u>	(1,133,337)

Internal service funds are used by management to allocate the cost of self insuring to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

185

Change in net position of governmental activities, page 21 \$ 17,808,706

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-Type Activities-Enterprise Funds				Governmental
	Major Fund		Non-Major Fund		Activities
	Water And Sewer	Biloxi Port Fund	Point Cadet Development Corporation	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash	\$ 873,414	\$ 1,173,893	\$ 194,152	\$ 2,241,459	\$ 1,864,480
Restricted cash	1,139,830	123,052	-	1,262,882	-
Investments	-	857,460	-	857,460	-
Receivables:					
Customer accounts, net	1,375,430	28,576	-	1,404,006	-
Customer accounts earned but not billed	541,737	-	-	541,737	-
Grants	4,451,832	1,828,013	-	6,279,845	-
Taxes	-	4,976	-	4,976	-
Other	706,489	-	-	706,489	-
Due from other city funds	6,339,652	-	-	6,339,652	1,386,067
Supplies inventory	397,151	-	-	397,151	-
Total current assets	<u>15,825,535</u>	<u>4,015,970</u>	<u>194,152</u>	<u>20,035,657</u>	<u>3,250,547</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	174,780,781	38,802,537	116,082	213,699,400	-
Total noncurrent assets	<u>174,780,781</u>	<u>38,802,537</u>	<u>116,082</u>	<u>213,699,400</u>	<u>-</u>
Total assets	<u>190,606,316</u>	<u>42,818,507</u>	<u>310,234</u>	<u>233,735,057</u>	<u>3,250,547</u>
Deferred Outflows of Resources					
Deferred outflows for pensions	444,960	302,202	-	747,162	-
Total deferred outflows of resources	<u>444,960</u>	<u>302,202</u>	<u>-</u>	<u>747,162</u>	<u>-</u>
Liabilities					
Current liabilities:					
Accounts payable	320,633	53,374	-	374,007	-
Accounts payable from restricted assets	25,622	-	-	25,622	-
Customer deposits payable from restricted assets	1,078,252	123,052	-	1,201,304	-
Current portion of bond and notes	328,765	165,000	-	493,765	-
Compensated absences	41,663	49,501	-	91,164	-
Due to other city funds	79,363	17,546,445	-	17,625,808	-
Claims contingency payable from restricted assets	-	-	-	-	3,171,865
Total current liabilities	<u>1,874,298</u>	<u>17,937,372</u>	<u>-</u>	<u>19,811,670</u>	<u>3,171,865</u>
Non-current liabilities:					
Compensated absences	124,987	148,504	-	273,491	-
Notes payable, non-current	6,213,930	770,000	-	6,983,930	-
Net pension liability	2,486,810	1,737,452	-	4,224,262	-
Total non-current liabilities	<u>8,825,727</u>	<u>2,655,956</u>	<u>-</u>	<u>11,481,683</u>	<u>-</u>
Total liabilities	<u>10,700,025</u>	<u>20,593,328</u>	<u>-</u>	<u>31,293,353</u>	<u>3,171,865</u>
Net position					
Net investment in capital assets	168,238,086	37,867,537	116,082	206,221,705	-
Restricted for capital projects	-	435,544	-	435,544	-
Restricted for debt service	-	421,916	-	421,916	-
Unrestricted	12,113,165	(16,197,616)	194,152	(3,890,299)	78,682
Total net position	<u>\$ 180,351,251</u>	<u>\$ 22,527,381</u>	<u>\$ 310,234</u>	<u>\$ 203,188,866</u>	<u>\$ 78,682</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-Type Activities-Enterprise Funds				Governmental
	Major Fund		Non-Major Fund		Activities
	Water And Sewer	Biloxi Port Fund	Point Cadet Development Corporation	Total Enterprise Funds	Internal Service Funds
Operating Revenues					
Charges for services:					
Water sales, sewer revenues					
penalties & installations, net	\$ 14,039,551	\$ -	\$ -	\$ 14,039,551	\$ -
Keesler Air Force Base, sewer	681,769	-	-	681,769	-
Harbor fees and rents	-	1,684,732	21,909	1,706,641	-
Insurance billings	-	-	-	-	11,458,005
Total charges for service	14,721,320	1,684,732	21,909	16,427,961	11,458,005
Cobra contributions	-	-	-	-	96,986
Other income	1,725	13,677	-	15,402	-
Total operating revenues	14,723,045	1,698,409	21,909	16,443,363	11,554,991
Operating expenses					
Personal services	1,632,599	1,159,276	-	2,791,875	-
Contracted services	10,837,168	169,127	-	11,006,295	11,556,025
Other services and charges	1,916,603	300,969	-	2,217,572	-
Depreciation	1,795,141	1,551,065	-	3,346,206	-
Total operating expenses	16,181,511	3,180,437	-	19,361,948	11,556,025
Operating income (loss)	(1,458,466)	(1,482,028)	21,909	(2,918,585)	(1,034)
Non-operating revenues (expenses)					
Interest income	(11,455)	(46)	273	(11,228)	1,219
Interest expense	(85,008)	(62,342)	-	(147,350)	-
Intergovernmental tax revenues	-	222,064	-	222,064	-
Grant	-	(83,654)	-	(83,654)	-
Total non-operating revenues (expenses)	(96,463)	76,022	273	(20,168)	1,219
Income before contributions and transfers	(1,554,929)	(1,406,006)	22,182	(2,938,753)	185
Capital grants and contributions	64,270,784	-	-	64,270,784	-
Transfers out	-	(1,338,779)	-	(1,338,779)	-
Change in net position	62,715,855	(2,744,785)	22,182	59,993,252	185
Net position, beginning of year	119,014,502	24,255,905	288,052	143,558,459	78,497
Prior period adjustment	(1,379,106)	1,016,261	-	(362,845)	-
Net position, beginning of year as restated	117,635,396	25,272,166	288,052	143,195,614	78,497
Net position, end of year	\$ 180,351,251	\$ 22,527,381	\$ 310,234	\$ 203,188,866	\$ 78,682

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-Type Activities-Enterprise Funds				Governmental
	Major Fund		Non-Major Fund	Total Enterprise Funds	Activities
	Water And Sewer	Biloxi Port Fund	Point Cadet Development Corporation		Internal Service Funds
Cash flows from operating activities					
Receipts from customers	\$ 14,411,023	\$ 1,717,911	\$ 21,909	\$ 16,150,843	\$ -
Receipts from interfund services provided	-	-	-	-	11,554,991
Payments to suppliers	(12,878,584)	(442,331)	-	(13,320,915)	(12,995,669)
Payments for services of employees	(1,553,270)	(1,087,665)	-	(2,640,935)	-
Net cash provided by (used in) operating activities	(20,831)	187,915	21,909	188,993	(1,440,678)
Cash flows from non-capital financing activities					
Intergovernmental tax revenues	-	221,331	-	221,331	-
Loans (to) from other funds	(38,087)	(25,047)	-	(63,134)	750,235
Net cash provided by (used in) non-capital financing activities	(38,087)	196,284	-	158,197	750,235
Cash flows from capital and related financing activities					
Grant revenues	62,076,214	1,258,370	-	63,334,584	-
Proceeds from loans	2,273,225	-	-	2,273,225	-
Transfers (to) from other funds	-	(1,338,779)	-	(1,338,779)	-
Loans (to) from other funds	(2,036,561)	(123,610)	-	(2,160,171)	-
Acquisition of capital assets	(63,272,420)	(6,529)	-	(63,278,949)	-
Retirement of debt	(278,712)	(155,000)	-	(433,712)	-
Interest paid on debt	(85,008)	(62,342)	-	(147,350)	-
Net cash provided by (used in) capital and related financing activities	(1,323,262)	(427,890)	-	(1,751,152)	-
Cash flows from investing activities					
Interest and dividends on investments	(11,455)	(46)	273	(11,228)	1,219
Purchase of investments	-	(6,325)	-	(6,325)	-
Net cash provided by (used in) investing activities	(11,455)	(6,371)	273	(17,553)	1,219
Net increase (decrease) in cash and cash equivalents	(1,393,635)	(50,062)	22,182	(1,421,515)	(689,224)
Cash and cash equivalents, beginning of period	3,406,879	1,347,007	171,970	4,925,856	2,553,704
Cash and cash equivalents, end of period	<u>\$ 2,013,244</u>	<u>\$ 1,296,945</u>	<u>\$ 194,152</u>	<u>\$ 3,504,341</u>	<u>\$ 1,864,480</u>
Classified as:					
Current assets	\$ 873,414	\$ 1,173,893	\$ 194,152	\$ 2,241,459	\$ 1,864,480
Restricted assets	1,139,830	123,052	-	1,262,882	-
Totals	<u>\$ 2,013,244</u>	<u>\$ 1,296,945</u>	<u>\$ 194,152</u>	<u>\$ 3,504,341</u>	<u>\$ 1,864,480</u>

Continued on next page

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015
(Continued)

	Business-Type Activities-Enterprise Funds				Governmental
	Major Fund		Non-Major Fund		Activities
	Water And Sewer	Biloxi Port Fund	Point Cadet Development Corporation	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,458,466)	\$ (1,482,028)	\$ 21,909	\$ (2,918,585)	\$ (1,034)
Adjustments not affecting cash					
Depreciation	1,795,141	1,551,065	-	3,346,206	-
Changes in assets and liabilities:					
Accounts receivable	(305,078)	1,582	-	(303,496)	-
Supplies inventory	(170,163)	-	-	(170,163)	-
Accounts payable and accrued expenses	62,829	20,222	-	83,051	(1,439,644)
Customer deposits	(6,944)	17,920	-	10,976	-
Deferred outflows for pensions	(401,039)	(273,510)	-	(674,549)	-
Net pension liability	462,889	352,664	-	815,553	-
Net cash provided by (used in) operating activities	<u>\$ (20,831)</u>	<u>\$ 187,915</u>	<u>\$ 21,909</u>	<u>\$ 188,993</u>	<u>\$ (1,440,678)</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	255,874	-	-		-
Contributions of capital assets from government	7,202,371	-	-		-

The Accompanying Notes are an Integral Part of the Financial Statements.

City of Biloxi, Mississippi
Notes to the Financial Statements
September 30, 2015

Index

	<u>Page</u>
I. Summary of Significant Accounting Policies	
A Reporting Entity	30
B Component Unit Disclosure	30
C Related Organizations	31
D Joint Ventures and Jointly Governed Organizations	31
E Basic Financial Statements - GASB Statement 34 Government-wide and Fund Financial Statements	31
F Measurement Focus, Basis of Accounting and Financial Statement Presentation	32
G Fund Types and Major Funds	33
H Assets, Liabilities and Net Position or Equity	35
II. Stewardship, Compliance, and Accountability	
A Budgetary Data	38
B Excess of Expenditures Over Appropriations in Individual Funds	39
C Deficit Fund Equity	39
III. Detail Notes - All Funds	
A Property and Gaming Tax Revenues	40
B Deposits and Investments	41
C Receivables	43
D Prepaids	43
E Interfund Receivables and Payables	44
F Capital Assets Activity	46
G Short-Term Debt	48
H Leases	48
I Long-Term Debt	50
J Retirement Plans	53
K Community Development Block Grant Program	61
L Self-Insured Risk, Claims and Other Contingencies Related Party Commitments	62
M Joint Ventures	64
N Other Commitments	67
O Prior Period Adjustments	68
P Subsequent Events	68

City of Biloxi, Mississippi
Notes to the Financial Statements
For the Year Ended September 30, 2015

I. Summary of Significant Accounting Policies

The financial statements of the City of Biloxi, Mississippi (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The following is a summary of the more significant accounting policies of the City:

(A) Reporting Entity

The City of Biloxi, Mississippi was incorporated on February 8, 1838 under the laws of the State of Mississippi. The City operates under a Mayor-Council form of government and provides the following services: public safety, (police, fire and civil defense), public works (highways, streets, and sanitation), health and social services, culture-recreation, community development, planning and zoning, and general administrative services.

The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. As required by GAAP, these financial statements present the City of Biloxi, Mississippi (the primary government) and its components. The component unit discussed in Note I (B) below is included in the City's reporting entity because of the significance of its operation and financial relationships with the City.

(B) Component Unit Disclosure

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

(1) Blended Component Unit: Point Cadet Development Corporation

The Point Cadet Development Corporation (PCDC), a non-profit corporation, is governed by a three member board whose president is always the current Mayor of the City of Biloxi, Mississippi. Although it is legally separate from the City, PCDC is reported as part of the primary government because its sole purpose is to finance, develop and manage City owned property. PCDC provides services solely to the City of Biloxi, Mississippi and is reported as an enterprise fund using the blending method. PCDC does not issue separate financial statements.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

(2) Biloxi Port Commission / Biloxi Port Fund

The Biloxi Port Commission (Commission) provides various services, including rental of pleasure and commercial berths, industrial building rentals, maintenance and operation of various harbors, wharves, piers, and channels, etc. The Commission had going concern issues and on July 24, 2003, the City assumed all of its management responsibilities. The Commissions' assets and liabilities were completely absorbed by the City during the fiscal year ending September 2004. Separate financial statements are no longer available.

(C) Related Organizations

The Biloxi 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 Biloxi, Mississippi. 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.

(D) Joint Ventures and Jointly Governed Organizations

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

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) 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.

(E) Basic Financial Statements

Government-Wide and Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

The government-wide financial statements, including the *statement of net position* and the *statement of activities*, report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely extensively on fees and charges for support. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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 enterprise funds are reported as separate columns in the fund financial statements.

(F) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., measurable and available to pay liabilities of the current period. *Available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized when the related fund liability is incurred, if measurable, except for interest on long-term debt and the long-term portion of accumulated compensated absences, which are recognized when due.

Year-end accruals of ad valorem taxes, sales taxes, gaming taxes and franchise fees are based upon actual collections of amounts remitted to the City within 60 days of year end. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Other licenses and permits, charges for services, fines and penalties, and miscellaneous revenues are recorded as revenues when they are received as they are generally not measurable until actually received; however, charges for services which are measurable are recorded as revenue in the period earned.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33 the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient.

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

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

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

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

(G) Fund Types and Major Funds

Governmental Funds

Governmental funds are those funds through which the City finances most of its municipal services and are accounted for on the basis of a spending measurement focus. The focus on governmental funds is on the determination of changes in financial position rather than upon net income determination. The City's governmental funds are as follows:

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

General Fund is the City's primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in a separate fund.

General Capital Projects Fund is used to account for the City's capital projects. Revenues are received primarily from the General Fund.

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

Other Non-Major Governmental Funds is a summarization of all of the non-major governmental funds including:

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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.

Proprietary Funds

The focus of Proprietary Fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses. The following is a description of the Proprietary Funds of the City:

Water and Sewer Fund accounts for the activities of the City's water and sewer system.

Biloxi Port Fund accounts for the activities of the City's harbors, wharves, piers and channels.

Non-Major Proprietary Fund – Point Cadet Development Corporation (a blended component unit) accounts for the activities of PCDC.

Internal Service Funds

Like commercial enterprises, a governmental unit may decide to accept certain risk rather than insure against those risks. As part of the City's self-insurance program, Internal Service Self-Insurance Reserve Funds have been established to account for the actual cost of claims, reinsurance, and reserves. The City's Internal Service Funds administer the risk for workman's compensation, liability, automobile, casualty, health insurance and revenue interruption due to catastrophic damage to the gaming industry. The Internal Service Funds in turn charge the other City funds for their allocable share of these net costs.

Non-Current Governmental Assets / Liabilities

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Activities column in the government-wide Statement of Net Position.

(H) Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

The City considers cash on hand, cash with fiscal agents, demand deposit, certificates of deposit and bank repurchase agreements as cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.

Investments

Investments are stated at fair value.

Accounts Receivable

Accounts receivable are recorded in the Governmental, Business-type, and Component Unit Funds. Where appropriate, an associated allowance for doubtful accounts has been established in the related fund.

Inventories and Prepaids

Governmental and Proprietary Fund inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Prepaids consist of premiums paid on insurance policies extending beyond year end.

Capital Assets

Capital assets, including land, buildings, improvements other than buildings, infrastructure (i.e., roads, bridges, street lighting and other similar items) and equipment are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. The City's capitalization levels are as follows: purchased assets costing more than \$500 are capitalized; building renovations are capitalized when their cost exceeds 25% of the building's previously capitalized cost and if the repair extends the building's estimated useful life; contributed capital assets are capitalized and recorded at the estimated market value at the time of the contribution. Assets acquired using capital lease obligations are treated in the same manner as purchased capital assets.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40-50 years
Improvements	40-50 years
Infrastructure	20-60 years
Equipment	3-15 years

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Deferred Outflows 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 statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The City has an item that meets this criterion, unamortized changes in investments actual performance, expectations, and projections, and plan assumptions related to the pension plan (see Note J).

Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. For proprietary funds and the government-wide statements, the current portion is the amount estimated to be used in the following year.

Post Employment Health Care Benefits

The City does not have costs associated with post-employment benefits for retired employees.

Interfund Transactions

Numerous interfund transactions occur during the normal course of operations of the City. Disbursements made by one fund which are properly chargeable to another fund result in the creation of interfund receivables and payables. This type of transaction is normally settled by a cash payment between the funds. All other interfund transactions are accounted for as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government wide columnar presentation.

Advances to Other Funds

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". Long-term advances, if any, are those for which the timing of repayment is uncertain: thus, an allocable portion of fund balance would be reserved in governmental funds.

Estimated Insurance Claims Payable

The City is self insured for general liability, property, automobile, workers' compensation and employee health claims. The operating funds are charged premiums by the City's insurance internal service funds. The accrued liabilities for estimated claims represent an estimate of the eventual loss on claims arising prior to year-end including claims incurred and not yet reported.

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Historically, the City's bond discounts/premiums have not been material.

Unearned Revenue and Deferred Inflows of Resources

Unearned revenue is a liability that arises when resources are obtained before revenue recognition criteria, other than time recognition criteria, have been satisfied. Resources that are obtained before time recognition criteria have been satisfied are classified as deferred inflows of resources.

Fund Equity

Beginning with fiscal year 2011, the City implemented, the Governmental Accounting Standards Board (GASB) approved Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (Statement). This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the related strength of spending constraints:

Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution, which are equally binding. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

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 capital assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment of actions.

II. Stewardship, Compliance, and Accountability

A. Budgetary Data

The procedures used by the City in establishing the budgetary data reflected in the combined financial statements are as follows:

1. Prior to October 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Not later than September 15, the budget is legally enacted through passage of a resolution.
4. The budgetary comparisons present budget figures at the legal level of control. The City legally adopts annual budgets for all funds. 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 class level (personal services, supplies, other services and charges, and contractual services).

For special revenue and debt service funds, the budgets for revenues are set up at the source level and expenditures budgets are set at the total expenditure level by fund type.

The budget for capital project funds is adopted at total fund type level with the revenue budget set at the source level and expenditures set at the total expenditure level. Proprietary fund budgets are adopted for the Water and Sewer Fund and for the Port Fund with revenues delineated at the source level (total intergovernmental revenue and total charges for services) and expenditure budgets delineated by character (current, capital outlay debt service).

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

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

Formal budgetary integration at the “account level” is employed by management for expenditure control purposes. Management may transfer budget between expenditure accounts within each character grouping of the expenditure accounts for each department.

The City’s budgets are adopted in accordance with state statutes and regulations of the State Auditor and not on a basis consistent with Generally Accepted Governmental Accounting Principles. 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 financial statements. These differences in the principles used results in timing differences in the recognition of revenues and expenditures. Below is a reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual – Budget Basis to the General Fund column of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds:

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ 6,193,913
Adjustments	
To convert receivables	(874,007)
To convert prepaids	145,336
To convert liabilities	(274,509)
Totals, GAAP basis	\$ 5,190,733

B. Excess Expenditures Over Appropriations in Individual Funds

For the year ended September 30, 2015, there were no excess expenditures over appropriations in individual funds.

C. Deficit Fund Equity

There were no funds with net equity in a deficit position.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

III. Detail Notes - All Funds

A. Property and Gaming Tax Revenues

Property Tax

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Harrison County Tax Assessor. The taxes on real and personal property attach as an enforceable lien on the property as of January 1 of each year. Taxes on real and personal property are levied by the City Council at the first regular meeting in September. Through an inter-local agreement, all of the property taxes of the City of Biloxi, Mississippi are collected by the Harrison County Tax Collector and remitted as tax settlements (less an appropriate collection fee) to the City on a monthly basis. Taxes for the Biloxi Municipal Separate School District are also billed and collected by the county and remitted to the schools through the City.

In accordance with the Mississippi Code of 1972, as amended, the City Council may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for any one year may not exceed one hundred and ten percent (110%) of the taxes collected for the prior assessment year. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation. In addition, the City Council may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

The tax levies for the calendar years 2015, 2014 and 2013 (taxes collected in the fiscal years ending 9/30/16, 9/30/15, and 9/30/14 are as follows:

	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
	<u>Millage</u>	<u>Millage</u>	<u>Millage</u>
City Funds			
General Fund	17.15	18.65	17.15
Special revenue funds:			
Disability and Relief (Pension) Funds	2.50	2.50	2.50
Debt Service Funds	9.20	7.70	9.20
Solid waste collection and disposal	1.25	1.25	1.25
Total City administered funds	<u>30.10</u>	<u>30.10</u>	<u>30.10</u>
School Funds			
District maintenance	39.03	37.96	36.82
School debt	4.34	5.41	6.23
Total School administered funds	<u>43.37</u>	<u>43.37</u>	<u>43.05</u>
 Total levy	 <u>73.47</u>	 <u>73.47</u>	 <u>73.15</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Gaming Revenue

In 1992, the citizens of Harrison County voted to allow dockside casino gaming as defined by the Mississippi Gaming Control Act of 1990. In August of 1992, the first casino opened at Biloxi's Point Cadet development. As of September 30, 2015, there were eight casinos operating within the City of Biloxi, Mississippi. Gaming activities are taxed in a variety of ways. The State of Mississippi levies a sliding scale tax on gross gaming revenue, of which Harrison County and the City of Biloxi, Mississippi receive .4 to .8 percent. This tax is divided 73.4% to the County, and 26.6% to the City of Biloxi, Mississippi. The allocation is based upon the population demographics of the last official census. In addition to the State tax, the City of Biloxi, Mississippi, 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 General Fund, (20% of which is designated for public safety); 20% to the Biloxi 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. The following is an analysis of the gaming revenues reported in the General Fund:

Local option 3.2% tax	\$ 16,391,233
Local share of state tax	1,600,070
Gaming licenses and permits	<u>1,515,327</u>
Total gaming revenues	<u>\$ 19,506,630</u>

B. Deposits and Investments

The City deposits funds in financial institutions selected by the City Council in accordance with state statutes. Furthermore, the City invests excess funds in various investment instruments that are allowed by statutes. Various restrictions on deposits and investments are imposed by statutes. Deposits and investments are summarized below.

Deposits –

Deposits consist of cash amounts in demand accounts and certificates of deposit. The collateral for public entities' deposits in financial institutions is 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 failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. By using this multiple financial institution collateral pool, all of the City's deposits at September 30, 2015 fall into the credit risk category of "*Insured or collateralized with securities held by the entity or by its agent in the entity's name*". Deposits are summarized as follows:

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

	<u>Reported Amount</u>	<u>Bank Balance</u>
Cash	\$ 29,845,174	\$ 32,575,185
Certificates of deposit	<u>1,282,692</u>	<u>1,282,692</u>
Total deposits	<u>\$ 31,127,866</u>	<u>\$ 33,857,877</u>

Cash and cash equivalents for cash flows of Proprietary Funds include all cash accounts and certificates of deposit.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository failure, the City’s deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. However, state law permits the Mississippi State Treasurer’s office to manage 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. By signed agreement the Mississippi State Treasurer’s office is acting on behalf of the City.

Investments

The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved. At September 30, 2015, investments consisted of the following:

	<u>Reported Amount</u>	<u>Fair Value</u>
Investments held by the City or the City’s safekeeping agent, and registered in the name of the City:		
Investments not categorized:		
Money Market Mutual Funds	\$ <u>9,728,008</u>	\$ <u>9,728,008</u>

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Most of the City’s investments are in Money Market Mutual funds which have an investment maturity of less than one year.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. More than 5 percent of the City's investments are in Money Market Mutual Funds. These are 100% of the City's total investments.

Credit Risk. Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. All of the City's investments have been given the AAA rating.

C. Receivables

The Statement of Net Position of the City of Biloxi, Mississippi includes the following receivables at September 30, 2015:

Taxes receivable:	
Utility franchise taxes	\$ 874,646
Sales taxes	1,840,850
Ad valorem taxes	308,266
Gaming taxes and fees	<u>3,513,871</u>
Total taxes receivable	<u>\$ 6,537,633</u>
Customer accounts receivable:	
Garbage fees	\$ 331,021
Water and sewer utility charges (billed)	1,879,447
Port berth rentals	110,487
Less allowance for doubtful accounts	(745,070)
Customer accounts receivable earned but not billed	<u>541,737</u>
Total customer accounts receivable, net	<u>\$ 2,117,622</u>
Grants receivable:	
Federal and state grants	<u>\$ 10,461,706</u>
Other receivables:	
Special assessments	\$ 115,624
Less allowance for doubtful accounts	(103,798)
Liquor privilege tax	69,000
Due from county for debt service	1,200,000
Other	<u>2,617,560</u>
Total other receivables	<u>\$ 3,898,386</u>

D. Prepaids

Prepaids at September 30, 2015 consist of the following:

Prepaid insurance premiums	<u>\$ 1,184,022</u>
Total prepaids	<u>\$ 1,184,022</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

E. Interfund Receivables and Payables

<u>Individual Interfund Balances at September 30, 2015</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
General Capital Projects to fund project costs	\$ -	\$ 2,350,201
Claims contingency fund for claims and expenses	-	<u>1,259,701</u>
Total General Fund	<u>-</u>	<u>3,609,902</u>
General Capital Projects Fund:		
General Fund to fund project costs	2,350,201	-
2014 General Obligation Bond Fund to fund project costs	398,793	-
2002 TIF Capital Projects Bond Fund to fund project costs	1,160	-
Debt Service Fund to fund project costs	-	5,787,988
Water and Sewer Fund to fund project costs	-	6,339,652
Biloxi Port Fund to fund project costs	<u>17,499,442</u>	-
Total General Capital Projects Fund	<u>20,249,596</u>	<u>12,127,640</u>
Debt Service Fund		
2014 General Obligation Bond Fund for interest expenses	-	17,973
General Capital Projects Fund to fund project costs	<u>5,787,988</u>	-
Total Debt Service Fund	<u>5,787,988</u>	<u>17,973</u>
2014 General Obligation Bond Fund		
Debt Service Fund for interest expenses	17,973	-
General Capital Projects Fund to fund project costs	<u>-</u>	<u>398,793</u>
Total 2014 TIF Capital Projects Bond Fund	<u>17,973</u>	<u>398,793</u>
2002 TIF Capital Projects Bond Fund		
General Capital Projects Fund to fund project costs	<u>-</u>	<u>1,160</u>
Total 2002 TIF Capital Projects Bond Fund	<u>-</u>	<u>1,160</u>
Enterprise Fund:		
Water and Sewer Fund for claims and expenses	-	79,363
Water and Sewer Fund to General Capital Projects Fund	6,339,652	-
Biloxi Port Fund for claims and expenses	-	47,003
Biloxi Port Fund to General Capital Projects Fund	<u>-</u>	<u>17,499,442</u>
Total Enterprise Fund	<u>6,339,652</u>	<u>17,625,808</u>
Internal Service Self-Insurance:		
Claims Contingency Fund from General Fund for claims and expenses	1,259,701	-
Claims Contingency Fund from Water and Sewer Fund for claims and expenses	79,363	-
Claims Contingency Fund from Biloxi Port Fund for claims and expenses	<u>47,003</u>	-
Total Internal Service Self-Insurance	<u>1,386,067</u>	<u>-</u>
Totals	<u>\$ 33,781,276</u>	<u>\$ 33,781,276</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

The composition of interfund transfers for the year ended September 30, 2015 was as follows:

	General Fund	General Capital Projects Fund	Debt Service Fund	Baseball Capital Maintenance Fund	Total
General Fund	\$ -	\$ 2,872,193	\$ -	\$ 25,000	\$ 2,897,193
2014 General Obligation Bond Fund	-	5,271,339	-	-	5,271,339
2014 Special Obligation Bond Series	-	16,130,568	52	-	16,130,620
Nonmajor governmental funds					
Community Development Block Grant	729,671	-	-	-	729,671
2012 GO Capital Projects Bond Fund	-	413,158	-	-	413,158
2002 TIF Capital Projects Bond Fund	-	6,145	-	-	6,145
Tax Increment Junior Lien Limited Obligation Bond Series 2014	-	-	3,319	-	3,319
Total nonmajor governmental funds	729,671	419,303	3,319	-	1,152,293
Total governmental funds	729,671	24,693,403	3,371	25,000	25,451,445
Biloxi Port Fund	-	1,338,779	-	-	1,338,779
Totals	\$ 729,671	\$ 26,032,182	\$ 3,371	\$ 25,000	\$ 26,790,224

Transfers are used to 1) move revenues from the fund with the collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

During the year ended September 30, 2015, all transfers to the General Capital Projects Fund from the General Fund were to provide funding for current or future capital projects. Transfers from the General Fund to the Baseball Capital Maintenance Fund were to provide funding for future maintenance and improvement projects for the Minor League Baseball Stadium. Transfers from the four bond funds to the General Capital Projects Fund were to provide funding for current capital projects. Transfers from the Community Development Block Grant Fund to the General Fund were to provide funding for the lease payment on a new fire truck. Transfers from the two bond funds to the Debt Service Fund were to provide funding for current debt payments.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

F. Capital Asset Activity

Capital assets activity for year ended September 30, 2015 was as follows:

	Balance October 1, 2014	Prior Period Adjustment	Restated Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Governmental activities						
Capital assets, not being depreciated:						
Land	\$ 46,894,337	\$ (2,025,457)	\$ 44,868,880	\$ 59,160	\$ -	\$ 44,928,040
Construction in progress	44,136,716	(2,276,971)	41,859,745	42,019,899	18,813,460	65,066,184
Total capital assets not being depreciated	<u>91,031,053</u>	<u>(4,302,428)</u>	<u>86,728,625</u>	<u>42,079,059</u>	<u>18,813,460</u>	<u>109,994,224</u>
Capital assets being depreciated						
Buildings	77,367,180	956,501	78,323,681	16,967,074	-	95,290,755
Improvements other than buildings	24,220,011	(385,286)	23,834,725	1,729,094	-	25,563,819
Machinery and equipment	39,200,466	-	39,200,466	2,100,718	1,143,964	40,157,220
Infrastructure - streets and drainage	163,901,072	2,494,634	166,395,706	562,010	-	166,957,716
Total capital assets being depreciated	<u>304,688,729</u>	<u>3,065,849</u>	<u>307,754,578</u>	<u>21,358,896</u>	<u>1,143,964</u>	<u>327,969,510</u>
Less accumulated depreciation for:						
Buildings	13,248,331	(1,272)	13,247,059	1,868,253	-	15,115,312
Improvements other than buildings	3,941,173	1,131	3,942,304	1,106,419	-	5,048,723
Machinery and equipment	31,507,289	-	31,507,289	1,872,039	1,096,710	32,282,618
Infrastructure - streets and drainage	54,057,109	-	54,057,109	2,856,092	-	56,913,201
Total accumulated depreciation	<u>102,753,902</u>	<u>(141)</u>	<u>102,753,761</u>	<u>7,702,803</u>	<u>1,096,710</u>	<u>109,359,854</u>
Net capital assets being depreciated	<u>201,934,827</u>	<u>3,065,990</u>	<u>205,000,817</u>	<u>13,656,093</u>	<u>47,254</u>	<u>218,609,656</u>
Net governmental activities assets	<u>\$ 292,965,880</u>	<u>\$ (1,236,438)</u>	<u>\$ 291,729,442</u>	<u>\$ 55,735,152</u>	<u>\$ 18,860,714</u>	<u>\$ 328,603,880</u>
Business type activities						
Capital assets, not being depreciated:						
Land	\$ 829,243	\$ -	\$ 829,243	\$ -	\$ -	\$ 829,243
Construction in progress	68,447,846	2,276,971	70,724,817	62,663,546	4,990,909	128,397,454
Total capital assets not being depreciated	<u>69,277,089</u>	<u>2,276,971</u>	<u>71,554,060</u>	<u>62,663,546</u>	<u>4,990,909</u>	<u>129,226,697</u>
Capital assets being depreciated						
Equipment	5,398,018	-	5,398,018	28,133	46,749	5,379,402
Water and sewer system	85,455,720	529,154	85,984,874	2,727,625	-	88,712,499
Port buildings & improvements	46,510,926	167,126	46,678,052	3,106,429	-	49,784,481
Total capital assets being depreciated	<u>137,364,664</u>	<u>696,280</u>	<u>138,060,944</u>	<u>5,862,187</u>	<u>46,749</u>	<u>143,876,382</u>
Less accumulated depreciation for:						
Equipment	3,303,364	-	3,303,364	267,242	46,748	3,523,858
Water and sewer system	42,786,610	-	42,786,610	1,540,556	-	44,327,166
Port buildings and improvements	10,014,247	-	10,014,247	1,538,408	-	11,552,655
Total accumulated depreciation	<u>56,104,221</u>	<u>-</u>	<u>56,104,221</u>	<u>3,346,206</u>	<u>46,748</u>	<u>59,403,679</u>
Net capital assets being depreciated	<u>81,260,443</u>	<u>696,280</u>	<u>81,956,723</u>	<u>2,515,981</u>	<u>1</u>	<u>84,472,703</u>
Net business type activities assets	<u>\$ 150,537,532</u>	<u>\$ 2,973,251</u>	<u>\$ 153,510,783</u>	<u>\$ 65,179,527</u>	<u>\$ 4,990,910</u>	<u>\$ 213,699,400</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 181,877
Community development	406,880
Cultural affairs	701,752
Parks and recreation	1,453,433
Public safety	1,840,364
Public works	262,405
Infrastructure	<u>2,856,092</u>
Total depreciation expense – governmental activities	<u>\$ 7,702,803</u>
Business-type activities	
Water and sewer	\$ 1,795,141
Port Fund	<u>1,551,065</u>
Total depreciation expense – business-type activities	<u>\$ 3,346,206</u>

Leased assets

The City is the lessor of certain real property in both its governmental and enterprise funds. The following is a summary of this leased property:

	<u>Govern- Mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Cost	\$ 2,032,642	\$ 50,533,472	\$ 52,566,114
Accumulated depreciation	<u>-</u>	<u>(11,730,935)</u>	<u>(11,730,935)</u>
Carrying amount	<u>\$ 2,032,642</u>	<u>\$ 38,802,537</u>	<u>\$ 40,835,179</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 1,551,065</u>	<u>\$ 1,551,065</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

G. Short-Term Debt

The schedule below details the changes in short-term capital borrowings during the year ended September 30, 2015 for governmental activities:

	Original issue	Interest rate	Balance October 1, 2014	Issues	Redemptions	Balance September 30, 2015
<i>Governmental activities:</i>						
Grant Anticipation Note	2015	0.96%	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000
Grant Anticipation Note	2015	0.96%	-	2,000,000	-	2,000,000
Total short-term capital borrowings			\$ -	\$ 5,000,000	\$ -	\$ 5,000,000

The purpose of all of the short-time borrowings was to provide resources for various capital construction or improvement projects. The form of financing used in all cases was anticipation receipt of grant funds. The amounts issued for governmental activities are accounted for in the capital projects fund.

H. Leases

Capital Leases

During the fiscal year ended September 30, 2008 the City entered into a capital lease with Hancock Bank to finance a lighting project. The amount financed was \$438,782 at the fixed, simple interest rate of 4.15% for seven years. Title to the equipment is held in the name of the City and Hancock Bank as lien holder. The lease terms include a non-appropriation clause; however, the possibility of non-appropriation is remote. The lease does not include any contingent or purchase option payments or penalties. There are no restrictions on the City's use of the lighting equipment and the City insures the equipment. The City has accounted for the lease as a financing arrangement.

During the fiscal year ended September 30, 2012 the City entered into three capital leases with Hancock Bank to finance the purchase of various equipment. The total purchase amount financed was \$603,200 at the fixed, simple interest rate of 1.99% for five years. Title to the equipment is held in the name of the City and Hancock Bank as lien holder. The lease terms include a non-appropriation clause; however, the possibility of non-appropriation is remote. The lease does not include any contingent or purchase option payments or penalties. There are no restrictions on the City's use of the equipment and the City insures the equipment. The City has accounted for the lease as a financing arrangement.

During the fiscal year ended September 30, 2015 the City entered into a capital lease with The Peoples Bank to finance the purchase of a fire truck. The total purchase amount financed was \$707,771 at the fixed, simple interest rate of 2.02% for twenty months. Title to the fire truck is held in the name of the City and The Peoples Bank as lien holder. The lease terms include a non-appropriation clause; however, the possibility of non-

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

appropriation is remote. The lease does not include any contingent or purchase option payments or penalties. There are no restrictions on the City's use of the fire truck and the City insures the fire truck. The City has accounted for the lease as a financing arrangement.

Additionally, during the fiscal year ended September 30, 2015 the City entered into a capital lease with DeLage Landen Public Finance to finance the purchase of hard ware and software. The total purchase amount financed was \$142,562 at the fixed, simple interest rate of 3.085% for four years. Title to the hardware and software is held in the name of the City and DeLage Landen Public Finance, LLC as lien holder. The lease terms include a non-appropriation clause; however, the possibility of non-appropriation is remote. The lease does not include any contingent or purchase option payments or penalties. There are no restrictions on the City's use of the hardware and software and the City insures the hardware and software. The City has accounted for the lease as a financing arrangement.

The City will make the following payments of principal and interest:

Fiscal Year Ended September 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 505,961	\$ 21,979	\$ 527,940
2017	44,553	2,832	47,385
2018	<u>45,947</u>	<u>1,438</u>	<u>47,385</u>
	<u>\$ 596,461</u>	<u>\$ 26,249</u>	<u>\$ 622,710</u>

Assets acquired through capital leases are:

Asset	Govern- mental Activities	Business- Type Activities
Lighting	\$ 438,782	\$ -
Breathing Apparatus	274,275	-
Radio Equipment	208,073	-
Four (4) 2012 Chevy Tahoes	120,852	-
Fire Truck	707,771	-
Hardware and Software	<u>142,562</u>	-
	<u>\$ 1,892,315</u>	<u>\$ -</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

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

<u>Year Ended September 30</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>
2016	\$ 527,940	\$ -
2017	47,385	-
2018	<u>47,385</u>	<u>-</u>
Total minimum lease payments	622,710	-
Less: amount representing interest	<u>(26,249)</u>	<u>-</u>
Present value of minimum lease payments	<u>\$ 596,461</u>	<u>\$ -</u>

I. Long-Term Debt

The following is a summary of bond and other long-term debt transactions of the City for the year ended September 30, 2015:

	<u>Beginning 10/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending 9/30/15</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
General Obligation Bonds and Notes	\$ 47,790,000	\$ -	\$ 2,195,000	\$ 45,595,000	\$ 3,015,000
Limited Obligation Bonds	36,045,497	-	2,512,794	33,532,703	2,510,255
Capital leases	256,112	850,333	509,984	596,461	505,961
Compensated absences	<u>8,150,915</u>	<u>2,073,594</u>	<u>1,641,168</u>	<u>8,583,341</u>	<u>2,145,835</u>
Total governmental activities	<u>\$ 92,242,524</u>	<u>\$ 2,923,927</u>	<u>\$ 6,858,946</u>	<u>\$ 88,307,505</u>	<u>\$ 8,177,051</u>
Business-type Activities					
Water and Sewer, pollution control loans	\$ 3,474,187	\$ 2,273,225	\$ 229,759	\$ 5,517,653	\$ 278,849
Water and Sewer, drinking water improvement loans	1,073,995	-	48,953	1,025,042	49,916
Limited tax port bonds	1,090,000	-	155,000	935,000	165,000
Compensated absences	<u>354,718</u>	<u>161,935</u>	<u>151,998</u>	<u>364,655</u>	<u>91,164</u>
Total business-type activities	<u>\$ 5,992,900</u>	<u>\$ 2,435,160</u>	<u>\$ 585,710</u>	<u>\$ 7,842,350</u>	<u>\$ 584,929</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Bonds, notes, and other long-term debt payable at September 30, 2015 are comprised of the following individual issues:

Governmental Activities	<u>Original Issue</u>	<u>Range of Interest Rates</u>	<u>Amount Outstanding 9/30/15</u>
General Obligation Bonds and Notes:			
General Obligation Refunding Bonds, series 2011, due in annual installments of \$380,000 to \$1,240,000 through 12/1/2022	\$ 9,350,000	2.50%-2.625%	\$ 6,315,000
General Obligation Bonds, series 2012, due in annual installments of \$345,000 to \$505,000 through 4/1/2027	6,000,000	2.00%-2.40%	5,035,000
General Obligation Bonds, series 2014, due in annual installments of \$775,000 to \$1,140,000 through 1/1/2029	14,000,000	3.00%-4.00%	13,245,000
Mississippi Development Bank Special Obligation Bonds, series 2014, due in annual installments of \$765,000 to \$1,590,000 through 3/1/2034	21,000,000	3.50%-4.75%	<u>21,000,000</u>
Total General Obligation Bonds			<u>\$ 45,595,000</u>
Limited Obligation Bonds and Notes:			
Mississippi Development Bank promissory note, due in monthly installments of \$41,459 plus interest through 4/30/2018 and then monthly installments of \$22,642 plus interest through 1/31/2019. Interest is based upon The Bond Market Association (TBMA) index plus 105 basis points.	\$10,000,000	TBMA plus 1.05%	\$ 1,488,887
Mississippi Development Association loan, due in annual installments of \$33,608, through 11/1/2021, secured by City sales tax, payable by Harrison County Development Commission	500,000	3.00%	201,553
Tax Increment Limited Obligation Refunding Bonds, series 2006 A, due in annual installments of \$1,565,000 to \$2,700,000 through 11/1/2027	31,685,000	4.50%-5.00%	27,210,000
Mississippi Development Bank promissory note, due in monthly installments of \$24,618 plus interest through 1/31/2025. Interest rate is variable.	4,500,000	1.5%-2.5%	2,757,263
Tax Increment Junior Lean Limited Obligation Bonds, series 2014, due in annual installments of \$125,000 to \$145,000 through 4/15/2029	1,995,000	4.07%	<u>1,875,000</u>
Total Limited Obligation Bonds and Notes			<u>\$ 33,532,703</u>

(Continued)

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

	Original Issue	Range of Interest Rates	Amount Outstanding 9/30/15
Other General Long-Term Debt:			
Hancock Bank capital lease, amortized in annual installments of \$125,714 through 9/1/2016	\$ 603,200	1.99%	\$ 123,261
The Peoples Bank capital lease, amortized in annual installments of \$354,840, through 7/1/2016	707,771	2.02%	337,771
DeLange Landen Public Finance, LLC capital lease amortized in annual installments of \$47,385 through 10/1/2017	142,562	3.085%	<u>135,429</u>
Total Other General Long-Term Debt			596,461
Compensated absences			<u>8,583,341</u>
Total governmental long-term debt			<u>\$ 88,307,505</u>

Business Type Activities

Water and Sewer Fund

State of Mississippi Pollution Control Loans, due in varying installments through 2/1/2037	\$ 9,480,015	1.75%-4.5%	\$ 5,517,653
State of Mississippi Drinking Water Improvement Loans, due in monthly installments of \$5,788 through 2/15/2033	1,133,861	1.95%	1,025,042

Biloxi Port Fund

Limited Tax Port Bonds, series 1999 due in annual installments of \$165,000 to \$210,000 through 12/1/2019	2,500,000	5.80%-6.00%	<u>935,000</u>
Total business-type activities bonds and notes			<u>7,477,695</u>
Compensated absences			<u>364,655</u>
Total business-type activities long-term debt			<u>\$ 7,842,350</u>

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2015 follow and include interest on the variable rate debt.

Year Ended September 30,	Governmental Activities				Business-Type Activities	
	General Obligation		Limited Obligation		Port Bonds & Water and Sewer Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	3,015,000	1,562,269	2,510,255	1,396,682	493,765	146,321
2017	3,115,000	1,475,681	2,596,075	1,302,710	572,810	152,718
2018	3,215,000	1,386,269	2,582,795	1,204,679	558,148	133,490
2019	3,310,000	1,294,094	2,360,769	1,104,966	569,419	114,590
2020	2,530,000	1,209,666	2,356,177	1,012,434	586,937	94,771
2021-2025	13,060,000	4,837,119	12,861,632	3,541,618	1,657,668	345,318
2026-2030	11,405,000	2,513,933	8,265,000	784,123	1,758,464	194,669
2031-2035	5,945,000	578,261	-	-	1,231,379	47,084
2036-2037	-	-	-	-	49,106	186
Totals	<u>\$ 45,595,000</u>	<u>\$ 14,857,292</u>	<u>\$ 33,532,703</u>	<u>\$ 10,347,212</u>	<u>\$ 7,477,696</u>	<u>\$ 1,229,147</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

The City's legal debt limit for general obligation bonds is as follows:

Assessed valuations 2014 (inside the City):	
Real property	\$ 437,392,996
Personal property	80,991,055
Public utility	38,662,283
Autos and mobile homes, estimated	<u>42,722,799</u>
Total assessed valuations	<u>\$ 599,769,133</u>
Fifteen percent (15%) of total assessed valuation	\$ 89,965,370
Less outstanding general issues at 9/30/15	<u>45,595,000</u>
Legal debt margin	<u>\$ 44,370,370</u>

The City Council annually adopts a resolution providing for the amount of property tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City. The millage rate for the year ended September 30, 2015, was 7.70 mills or \$7.70 per \$1,000 of assessed value.

Other general long-term debt of the Enterprise Funds is \$6,542,695 of pollution control/state revolving loans and drinking water improvement loans from the State of Mississippi. The State Tax Commission, in accordance with a signed agreement with the City of Biloxi, Mississippi is currently deducting \$30,311 each month from the sales tax remittances to the City to apply as payments on these loans.

The City has authorized the issuance of limited tax port bonds for the purpose of making improvements to property belonging to the Biloxi Port Fund (previously the Biloxi Port Commission). The bonds are secured by an irrevocable pledge of the avails of a direct and continuing one (1) mill ad valorem tax to be levied by Harrison County, Mississippi. The bonds are payable solely from the avails of the Harrison County tax levy. At September 30, 2015, the aggregate, outstanding principal amount of the issues was \$935,000.

J. Retirement Plans

The Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions has been implemented for the year ended September 30, 2015. A prior period adjustment has been recorded for the cumulative effect of implementing the change in accounting principles.

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

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

1. Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

All firemen and policemen hired prior to March 1, 1976, are covered by the Firemen's and Policemen's Disability and Relief Plan. All other City employees employed prior to February 5, 1975, are covered by the Employees' Disability and Relief Plan.

2. Public Employees' Retirement System Defined Benefit Pension Plan

All full-time City employees hired after June 30, 1987, participate in the Public Employees' Retirement System of Mississippi (PERS). Other City employees hired prior to July 1, 1987 may elect to participate in the retirement system under an option offered by PERS.

Plan Description

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

Both the Firemen's and the Policemen's Disability and Relief Plan and the Employee's Disability and Relief Plan are agent multiple-employer defined benefit pension plan administered by the Public Employees Retirement System of Mississippi. Under the provisions of Chapter No. 511 of the General Laws of the State of Mississippi, 1987, effective October 1, 1987, the administrative responsibility for these retirement systems was assigned to the Mississippi Municipal Retirement System, a program of the Public Employees' Retirement System of Mississippi. The City has no control over the administration of the plans. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website, www.pers.ms.gov, by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Public Employees' Retirement System Defined Benefit Pension Plan

The City's employees are provided pensions through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Mississippi's Public Employees' Retirement System's Board of Trustees. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website, www.pers.ms.gov, by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444 PERS.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Benefits Provided

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

Participating employees who retire, regardless of age, with at least 20 years of credited service are entitled to an annual retirement allowance, payable monthly in an amount equal to 50% of their average monthly compensation plus an additional 1.7% for each year of credited service in excess of 20 years with a maximum of 66 2/3% of average monthly compensation. Average monthly compensation is the average for the last 6 months of service. Certain death and disability benefits are also provided by these plans which are governed by State statute and City ordinances.

Public Employees' Retirement System Defined Benefit Pension Plan

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who become members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members before July 1, 2011) plus 2.5 percent for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by State Legislature.

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 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 percent compounded for each fiscal year thereafter.

Contributions

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

The City is authorized by law to require membership contributions from 1% to a maximum of 10% of the total compensation of each participating employee. City employee

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

contributions are 9%. Based upon annual actuarial data provided by PERS, the City levies a tax millage sufficient to fund the current obligations for retirement payments and also provide the recommended amount to reduce the balance of the unfunded employer liability. For the year ended September 30, 2015 the combined millage was 2.5 mills. The City is required by statute to set a tax levy sufficient to fund the annual required contribution. The plan administrator, the Mississippi Public Employees Retirement System, provides actuarial data for the two plans combined. The City's contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$1,325,401, \$1,347,149, and \$1,351,736, respectively. The employer contributions were made in accordance with contribution requirements determined by an actuarial valuation of the system as of June 30, 2015. The City accounts for these closed plans as a single, agent multiple-employer defined benefit plan.

Current membership in the City's Mississippi Municipal Retirement System is composed of the following:

Active members	-
Retirees and beneficiaries	<u>114</u>
Total	<u><u>114</u></u>

Public Employees' Retirement System Defined Benefit Pension Plan

The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. PERS members are required to contribute 9% of their annual covered salary and City is required to contribute at an actuarially determined rate. For the periods ending September 30, 2015, 2014, and 2013, the City's contribution rates were 15.75%, 14.26%, and 12.93% of annual covered payroll, respectively. The City's contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$4,201,776, \$4,250,441, and \$3,912,605, respectively, and are equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

At September 30, 2015, the City recognized \$14,111,051 as its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. At June 30, 2015, the City's proportion was 100 percent, which was unchanged as of June 30, 2014.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Public Employees' Retirement System Defined Benefit Pension Plan

At September 30, 2015, the City recognized \$66,314,940 as its proportionate share of the net pension liability. The net pension liability was 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 net pension liability was based on a projection of the City's long-term share of contributions relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the City's proportion was 0.42898800 percent, which is a decrease of 0.009802 from its proportion measured as of June 30, 2014 (0.438790 percent).

For the year ended September 30, 2015, the City recognized pension expense of \$7,733,112. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Firemen's and Policemen's Disability and Relief Plan and Employees Disability and Relief Plan	Public Employees' Retirement System Defined Benefit Pension Plan	Total
	Deferred Outflows of Resources	Deferred Outflows of Resources	Total
<u>Governmental-type Activities</u>			
Differences between expected and actual experience	\$ -	\$ 955,237	\$ 955,237
Changes of assumptions	-	5,347,185	5,347,185
Net difference between projected and actual earnings on pension plan investments	394,713	3,631,804	4,026,517
City contributions subsequent to the measurement date	193,979	1,028,207	1,222,186
Total	<u>\$ 588,692</u>	<u>\$ 10,962,433</u>	<u>\$ 11,551,125</u>
	Deferred Outflows of Resources	Deferred Outflows of Resources	Total
<u>Business-type Activities</u>			
Differences between expected and actual experience	\$ -	\$ 65,315	\$ 65,315
Changes of assumptions	-	365,619	365,619
Net difference between projected and actual earnings on pension plan investments	-	248,329	248,329
City contributions subsequent to the measurement date	-	67,899	67,899
Total	<u>\$ -</u>	<u>\$ 747,162</u>	<u>\$ 747,162</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

\$1,290,085 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts 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:	Firemen's and Policemen's Disability and Relief Plan and Employees Disability and Relief Plan	Public Employees' Retirement System Defined Benefit Pension Plan	Total
2016	\$ 98,679	\$ 3,445,533	\$ 3,544,212
2017	98,679	3,445,533	3,544,212
2018	98,679	2,752,392	2,851,071
2019	98,676	970,031	1,068,707

Actuarial assumptions

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

Valuation date	6/30/2015
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases**	4.00 – 5.50%
* Includes price inflation at	3.00%*
** Includes wage inflation at	3.75%
Cost of living adjustments	3% per year, not to exceed 64.4%, for each year of retirement after 6/30/2000, with compounding after the member turns age 55, in addition to any previously granted COLAs.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Public Employees' Retirement System Defined Benefit Pension Plan

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 – 19.00 %, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan 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 pension plan 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 rates 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 as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International equity	19.00	5.00
Emerging markets equity	8.00	5.45
Fixed income	20.00	0.25
Real assets	10.00	4.00
Private equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00%</u>	

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following tables present the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 16,098,736	\$ 14,111,051	\$ 12,390,689

Public Employees' Retirement System Defined Benefit Pension Plan

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 87,409,166	\$ 66,314,940	\$ 48,810,676

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report for both the Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan and the Public Employees' Retirement System Defined Benefit Pension Plan.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Deferred Compensation Plan

The City also offers to its employees voluntary participation in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, Group Flexible Fund Retirement Contracts, administered by Nationwide Retirement Solutions, Inc., permits employees to defer a portion of their salary until future years. All plan assets are held in trust by Nationwide for the exclusive benefit of the participants and their beneficiaries and not subject to the claims of the City’s general creditors. Accordingly, the assets and liabilities for the compensation deferred by plan participants is not reflected in the City’s financial statements. During the year ended September 30, 2015, contributions by participants employed by the City totaled \$519,457.

K. Community Development Block Grant Program

Status of Grants

The City of Biloxi, Mississippi is awarded an entitlement grant every year by the Department of Housing and Urban Development Community Block Grant Program. The following represents the status of the award of grant funds as of September 30, 2015:

	<u>Award</u>	<u>Drawn Prior to FYE 9/30/15</u>	<u>Drawn During FYE 9/30/15</u>	<u>Balance</u>
CDBG B-13-MC-28-0001	\$ 377,951	\$ 150,349	\$ 277,602	\$ -
CDBG B-14-MC-28-0001	415,068	-	100,834	314,234
CDBG B-15-MC-28-0001	417,323	-	261,249	156,074
Totals	<u>\$ 1,210,342</u>	<u>\$ 150,349</u>	<u>\$ 639,685</u>	<u>\$ 470,308</u>

Waterfront Development

Through the use of certain Department of Housing & Urban Development (HUD) grants and loans, the City has acquired and developed property commonly known as the Point Cadet Waterfront Development Project. These federal grants and loans contain restrictions which require that 6% of the income (such as rents), generated by these properties, be restricted as to use for CDBG eligible activities only.

The City of Biloxi, Mississippi has negotiated three leases with Landry’s Inc. who operates the “Golden Nugget Casino” at the Point Cadet Waterfront Development. A portion of the lease revenues are considered program income under the CDBG and HUD Section 108 loan programs, and are restricted to use for such eligible purposes. The initial lease (casino lease), dated August 1, 1992, calls for an initial term of seven (7) years with seven additional five (5) year renewal options. Minimum annual rentals are \$500,000. Minimum annual rentals for each renewal option period are adjusted by the Consumer Price Index. In addition to the minimum annual rentals, the lease calls for an additional annual amount equal to three percent (3%) of the tenant's gross annual revenues in excess of \$25,000,000.

Another lease (hotel lease), dated April 13, 1994, calls for an initial term of twenty-five (25) years with six additional ten (10) year renewal options and a final option period with a

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

termination date of December 31, 2085. Minimum annual rentals began at \$404,000 and are adjusted every five years by reference to the Consumer Price Index. In addition to the minimum annual rentals, the lease calls for an additional amount equal to four percent (4%) of the tenant's gross revenues.

A third lease (podium lease), dated August 15, 2002, calls for an initial term of forty (40) years (although the tenant has the right to terminate on July 31, 2009, and on every fifth anniversary of that date), with one additional twenty-five (25) year renewal option. The final period would terminate on August 14, 2067. Minimum rent is computed as a function of the total annual minimum and percentage rent from the casino lease and hotel lease. When coupled with four percent (4%) of the tenant's gross revenues from the property covered by the podium lease, the annual guaranteed rent is \$2,733,000 plus one-third (1/3) of all scheduled contingent increases. The guaranteed rent is to be adjusted every five years by reference to the Consumer Price Index.

Mortgage Loans Receivable

Under the CDBG Program, the City of Biloxi, Mississippi makes installment mortgage loans to eligible parties. These loans are secured by a deed of trust and have varying interest rates and terms.

Mortgage loans receivable at September 30, 2015, consisted of the following:

Nixon Street home acquisition mortgages	\$ <u>1,211</u>
Total deferred mortgage loans receivable	\$ <u><u>1,211</u></u>

L. Self-Insured Risk, Claims and Other Contingencies

As described in Note 1 to the financial statements, the City has established a self-insurance risk retention program administered through an internal service fund. The following is a summary of the City's insurance coverage and self-insured risk retention (SIR):

Property damage for windstorm and hail

Per occurrence deductible (SIR)	3% subject to a minimum of \$ 250,000
Specific excess coverage in force	75,000,000
Property damage for all other perils	
Per occurrence deductible (SIR)	100,000
Specific excess coverage in force	75,000,000
Workers' compensation	
Per occurrence deductible for police, firefighters, first responders (SIR)	750,000
Per occurrence deductible for all other employees (SIR)	500,000
Specific excess coverage in force	Statutory

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

General and other liability coverage

Per occurrence deductible for fire trucks auto physical damage (SIR)	\$ 50,000
Specific excess coverage in force fire trucks physical damage	500,000
Per occurrence deductible for general liability (SIR)	100,000
Specific excess coverage in force general liability	900,000
Per occurrence deductible for auto liability (SIR)	100,000
Specific excess coverage in force auto liability	900,000
Per occurrence deductible for errors and omissions (SIR)	100,000
Specific excess coverage in force errors and omissions, \$2,000,000 aggregate	1,000,000
Specific excess coverage in force employment practice, \$2,000,000 aggregate	1,000,000
Per individual deductible for sexual harassment (SIR)	100,000
Specific excess coverage in force sexual harassment, \$2,000,000 aggregate	1,000,000
Per individual deductible for employee benefits (SIR)	100,000
Specific excess coverage in force employee benefits, \$2,000,000 aggregate	1,000,000
Per individual deductible for law enforcement (SIR)	100,000
Specific excess coverage in force law enforcement	900,000
Health	
Per individual deductible (SIR)	125,000
Annual aggregate risk of loss through deductibles	8,268,259
Specific excess coverage in force	1,000,000

The following is a summary of the City's self-insurance reserves at September 30, 2015:

	Employee Medical Claims	Property, Liability & Workers' Compen- sation	Total
Total estimated liability and reserves – October 1, 2013	\$ 1,570,327	\$ 3,360,000	\$ 4,930,327
Claims incurred and changes in estimates	5,403,856	1,608,613	7,012,469
Claims paid	<u>(6,258,386)</u>	<u>(1,072,901)</u>	<u>(7,331,287)</u>
Total estimated liability and reserves – September 30, 2014	\$ 715,797	\$ 3,895,712	\$ 4,611,509
Claims incurred and changes in estimates	5,632,231	96,439	5,728,670
Claims paid	<u>(5,927,305)</u>	<u>(1,241,009)</u>	<u>(7,168,314)</u>
Total estimated liability and reserves – September 30, 2015	<u>\$ 420,723</u>	<u>\$ 2,751,142</u>	<u>\$ 3,171,865</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

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

The City is involved in various other legal matters arising during the normal course of business activities. Management, after consulting legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the City.

M. Related Party Commitments

Joint Venture

The City of Biloxi, Mississippi is a member of the Harrison County Utility Authority (Authority) which was established by an act of the Mississippi Legislature to provide for adequate wastewater treatment and solid waste disposal services to the citizens of Harrison County, Mississippi. The governing board is comprised of one member from each of the cities and two members from each of the counties who are members of the Authority. Through a fifty-year contract, the City of Biloxi, Mississippi is obligated to pay monthly, its pro-rata share of all operating, administrative, and capital costs of the Authority. Additionally, the City is jointly and severally liable for all of the liabilities of the Authority. The Authority is classified as a joint venture between the City of Biloxi, Mississippi and the other members. The following is a synopsis of the Authority's financial statements as of and for the year ended September 30, 2015, a complete copy of which is on file at the administrative offices of the Authority.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

Harrison County Utility Authority Synopsis

Statement of Net Position

Assets and Deferred Outflow of Resources

Assets	
Current assets	\$ 11,079,144
Restricted assets	23,124,665
Property, plant and equipment	<u>277,023,656</u>
Total assets	<u>311,227,465</u>
Deferred outflow of resources	<u>23,533,760</u>

Liabilities & Net Position

Liabilities	
Current, unrestricted	\$ 7,949,634
Current, restricted	12,079,579
Long-term liabilities	<u>127,419,668</u>
Total liabilities	<u>147,448,881</u>
Net position	<u>187,312,344</u>
Total liabilities and net position	<u>\$ 334,761,225</u>

Statement of Revenues and Expenses

Operating revenues	\$ 21,176,795
Operating expenses	(21,627,071)
Depreciation and amortization	(9,681,485)
Non-operating revenues (expenses)	<u>8,673,581</u>
Changes in net position	<u>\$ (1,458,180)</u>

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

The following financial information concerning transactions with the Authority have been included in the City of Biloxi, Mississippi's financial statements under the following captions:

General Fund

Statement of net position:
Accounts payable \$ 205,767

Statement of revenues, expenditures and changes in fund balance:
Public works expenditures:
Other services and charges (solid waste charges) \$ 1,836,352

Water and Sewer Enterprise Fund

Statement of net position:
Accounts receivable \$ 684,690

Statement of revenues, expenses and changes in net position:
Operating expenses:
Contracted services (wastewater treatment) \$ 9,538,692

Jointly Governed Organizations

Harrison County Library System – On May 18, 1976, the City entered into an agreement with the Board of Trustees of the Biloxi Public Library, the City of Gulfport, Mississippi, the Board of Supervisors of Harrison County, Mississippi, the Board of Trustees of the Gulfport-Harrison County Library, the City of Pass Christian, Mississippi, 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 of Biloxi, Mississippi 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 of Biloxi, Mississippi contributed \$695,000 for the year ended September 30, 2015. The amount budgeted for the City of Biloxi, Mississippi for the fiscal year ended September 30, 2016 is \$695,000. This agreement is cancelable upon 60 days written notice prior to the end of the fiscal year and therefore, the City of Biloxi, Mississippi does not have an ongoing financial responsibility.

Gulfport-Biloxi Regional Airport Authority – The Gulfport-Biloxi Regional Airport Authority was chartered on August 25, 1977, and assumed control of the Airport on October 1, 1977. The Authority is comprised of one appointee each from the local governmental units of the City of Gulfport, Mississippi, the City of Biloxi, Mississippi, and Harrison County, Mississippi. These governmental units have agreed to subsidize the Airport annually. During the past fiscal year, the City of Biloxi, Mississippi provided no subsidy to the Gulfport-Biloxi Regional Airport. The City has budgeted \$0 for the 2015-2016 fiscal year. The City of Biloxi, Mississippi has no equity interest in the organization.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

N. Other Commitments

Property Leases

On August 15, 2002, the City of Biloxi, Mississippi entered into the Point Cadet Compromise and Settlement Agreement with the State Institutions of Higher Learning (IHL) and the Secretary of State on behalf of the State of Mississippi, and the Golden Nugget Casino. The purpose of the agreement was to resolve public trust tidelands issues affecting the Point Cadet Waterfront Development property. In lieu of the December 2, 1985, lease with the Board of Trustees of State Institutions of Higher Learning, this agreement provides that the City has an undivided one third interest in the entire Point Cadet Development site. The first \$2,733,000 of revenue from this property each year is received by the City of Biloxi. All additional annual revenue which exceeds \$2,733,000 is allocated by thirds to the City of Biloxi, IHL, and the State Tidelands Trust Fund.

The two tidelands lease agreements with the State of Mississippi dated July 15, 1988, continue in effect until June 30, 2018. Lease payments under those leases are now established at \$500,000 per year, but the Golden Nugget Casino is obligated to make those payments.

Capital Projects

In connection with the Capital Projects Funds, the City has budgeted certain commitments for engineering services, construction and other capital project costs. The projects are to be funded, in part, with State and Federal grants. The remainder of the required funds will be generated by local sources and insurance claim proceeds. The following is a summary of the budgeted commitment for capital projects at September 30, 2015:

Total commitment for general Capital Projects	\$ <u>292,683,723</u>
Funding sources:	
Federal and State Grants	\$ 275,062,342
Bond Funds	15,120,934
Enterprise Funds	1,551,298
General Fund surplus and other future sources of funds to be provided	<u>949,149</u>
Total fund sources	\$ <u>292,683,723</u>

Matching Funds – USM Advanced Education Center

In 1997, the City pledged its support and agreed to participate with the county and other cities in funding the local matching contribution for the construction of the Advanced Education Center at the USM Gulf Park campus. The City's 20.5% portion of the annual debt service for the \$2,000,000 in bonds issued by Harrison County will be approximately \$40,000 annually through September 2016.

City of Biloxi, Mississippi
Notes to the Financial Statements
(Continued)

O. Prior Period Adjustments

In prior years, the City did not properly record fixed assets. The related asset and expense accounts were adjusted accordingly. In addition, the implementation of new accounting standards, GASB 68 and 71, required the recording of net pension liability and deferred outflows related to pensions in the fiscal year ended September 30, 2014. The financial statements for the year ended September 30, 2014 have been restated to reflect the adjustments related to the previous years.

A summary of significant Net Position/Fund Balance adjustments are as follows:

Statement of Activities

<u>Explanation</u>	<u>Governmental Activities Amount</u>	<u>Business- Type Amount</u>
1. Implementation of GASB 68 and 71:		
Net pension liability September 30, 2014 - Public Employees' Retirement System Defined Benefit Pension Plan	\$ (49,852,363)	\$ (3,408,709)
Deferred outflows – contributions made during fiscal year 2014 – Public Employees' Retirement System Defined Benefit Pension Plan	1,042,827	72,613
Total prior period adjustment related to GASB 68 and 71	<u>\$ (48,809,536)</u>	<u>\$ (3,336,096)</u>
2. Implementation of GASB 68 and 71:		
Net pension liability September 30, 2014 - Firemen's and Policemen's Disability and Relief Plan and Employees' Disability and Relief Plan	\$ 3,561,562	\$ -
Deferred outflows – contributions made during fiscal year 2014 – Firemen's and Policemen's Disability and Relief Plan and Employees' Disability and Relief Plan	179,818	-
Total prior period adjustment related to GASB 68 and 71	<u>\$ 3,741,380</u>	<u>\$ -</u>
3. Restatement of Capital Assets	<u>\$ (1,236,438)</u>	<u>\$ 2,973,251</u>
Total	<u>\$ (46,304,594)</u>	<u>\$ (362,845)</u>

P. Subsequent Events

The City's management has evaluated events occurring subsequent to year end through June 23, 2016, which is the date the statements were available to be issued.

Required Supplementary Information

City of Biloxi, Mississippi
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Budget Basis
General Fund
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
Ad valorem taxes	\$ 10,965,714	\$ 10,965,714	\$ 10,806,239	\$ (159,475)
Licenses and permits	4,050,000	4,050,000	4,303,573	253,573
Intergovernmental	31,297,500	31,297,500	32,083,215	785,715
Federal & state grants	371,031	371,031	290,770	(80,261)
Charges for services	1,962,525	1,962,525	1,929,317	(33,208)
Fines	1,270,000	1,265,000	1,452,446	187,446
Other	4,636,573	4,636,573	9,888,557	5,251,984
Total revenues	<u>54,553,343</u>	<u>54,548,343</u>	<u>60,754,117</u>	<u>6,205,774</u>
Expenditures				
Administration				
Personnel services	1,568,455	1,579,204	1,580,404	(1,200)
Supplies	15,100	23,109	22,555	554
Other services & charges	506,050	2,358,046	2,249,393	108,653
Contractual services	279,731	353,417	346,952	6,465
Total	<u>2,369,336</u>	<u>4,313,776</u>	<u>4,199,304</u>	<u>114,472</u>
Executive				
Personnel services	240,589	304,060	295,750	8,310
Supplies	4,575	5,755	4,768	987
Other services & charges	10,150	10,170	9,351	819
Contractual services	14,975	20,875	20,023	852
Total	<u>270,289</u>	<u>340,860</u>	<u>329,892</u>	<u>10,968</u>
Legislative				
Personnel services	498,583	498,583	485,238	13,345
Supplies	8,550	10,500	5,403	5,097
Other services & charges	131,350	129,400	97,153	32,247
Contractual services	7,430	7,430	5,323	2,107
Total	<u>645,913</u>	<u>645,913</u>	<u>593,117</u>	<u>52,796</u>
Judicial				
Personnel services	141,883	146,883	146,612	271
Contractual services	1,400	1,400	1,196	204
Total	<u>143,283</u>	<u>148,283</u>	<u>147,808</u>	<u>475</u>
Legal				
Personnel services	629,215	649,215	645,502	3,713
Supplies	7,025	9,125	7,315	1,810
Other services & charges	7,450	9,650	8,259	1,391
Contractual services	32,695	56,895	44,378	12,517
Capital outlay	-	5,000	-	5,000
Total	<u>676,385</u>	<u>729,885</u>	<u>705,454</u>	<u>24,431</u>

Continued on next page

City of Biloxi, Mississippi
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Budget Basis
General Fund

For the Fiscal Year Ended September 30, 2015

(Continued)

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Community development				
Personnel services	2,095,895	2,095,895	2,027,623	68,272
Supplies	155,200	155,516	136,131	19,385
Other services & charges	799,800	842,603	826,167	16,436
Contractual services	391,750	368,631	356,541	12,090
Total	<u>3,442,645</u>	<u>3,462,645</u>	<u>3,346,462</u>	<u>116,183</u>
Parks & recreation				
Personnel services	3,418,863	3,284,863	3,135,403	149,460
Supplies	334,200	400,990	372,772	28,218
Other services & charges	760,700	881,529	869,347	12,182
Contractual services	327,450	337,910	303,634	34,276
Capital outlay	-	70,500	66,828	3,672
Total	<u>4,841,213</u>	<u>4,975,792</u>	<u>4,747,984</u>	<u>227,808</u>
Public safety				
Personnel services	24,679,463	24,889,997	24,112,233	777,764
Supplies	1,165,250	1,083,310	999,336	83,974
Other services & charges	574,200	669,172	655,373	13,799
Contractual services	1,243,950	1,439,037	1,377,032	62,005
Capital outlay	1,242,576	1,778,987	1,666,048	112,939
Total	<u>28,905,439</u>	<u>29,860,503</u>	<u>28,810,022</u>	<u>1,050,481</u>
Public works				
Personnel services	4,285,886	4,290,542	4,145,924	144,618
Supplies	500,925	363,296	361,926	1,370
Other services & charges	1,066,925	1,319,795	1,315,262	4,533
Contractual services	2,759,980	2,640,083	2,629,918	10,165
Total	<u>8,613,716</u>	<u>8,613,716</u>	<u>8,453,030</u>	<u>160,686</u>
Nondepartmental				
Interest	-	1,727	1,727	-
Other services & charges	2,900,000	2,900,000	2,543,404	356,596
Contractual services	1,098,025	1,111,025	1,133,633	(22,608)
Total	<u>3,998,025</u>	<u>4,012,752</u>	<u>3,678,764</u>	<u>333,988</u>
Total expenditures	<u>53,906,244</u>	<u>57,104,125</u>	<u>55,011,837</u>	<u>2,092,288</u>
Excess (deficiency) of revenues over expenditures	<u>647,099</u>	<u>(2,555,782)</u>	<u>5,742,280</u>	<u>8,298,062</u>
Other financing sources (uses)				
Transfers in	730,000	730,000	729,671	(329)
Transfers out	(274,706)	(274,706)	(278,038)	(3,332)
Total other financing sources (uses)	<u>455,294</u>	<u>455,294</u>	<u>451,633</u>	<u>(3,661)</u>
Net change in fund balances	1,102,393	(2,100,488)	6,193,913	8,294,401
Fund balances, beginning of year	466,759	3,313,581	2,676,720	
Fund balances, end of year	<u>\$ 1,569,152</u>	<u>\$ 1,213,093</u>	<u>\$ 8,870,633</u>	<u>\$ 8,294,401</u>

See Independent Auditors' Report.

City of Biloxi, Mississippi
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan	Public Employee's System Defined Benefit Pension Plan
	2015	
Proportion of the net pension liability	100.000%	0.429%
Proportionate share of the net pension liability (asset)	\$ (14,111,051)	\$ 66,314,940
Covered employee payroll	N/A	26,671,663
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	248.63%
Plan fiduciary net position as a percentage of total pension liability	41.18%	61.70%

Note:

This schedule will eventually cover the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

City of Biloxi, Mississippi
Required Supplementary Information
Schedule of Pension Contributions
Last Ten Fiscal Years

	Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan	Public Employee's System Defined Benefit Pension Plan
	2015	
Contractually required contribution	\$ 1,325,049	\$ 4,221,110
Contributions in relation to the contractually required contribution	<u>(1,325,049)</u>	<u>(4,221,110)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered employee payroll	 <u>N/A</u>	 <u>\$ 26,671,663</u>
Contributions as a percentage of covered-employee payroll	N/A	15.83%

Note:

This schedule will eventually cover the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

City of Biloxi, Mississippi
Required Supplementary Information
Firemen's and Policemen's Disability and Relief Plan and
Employee's Disability and Relief Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Firemen's and Policemen's Disability and Relief Plan and Employee's Disability and Relief Plan
	2015
Total pension liability	
Service cost	\$ -
Interest	1,796,013
Difference between expected and actual experience	269,639
Assumption changes	647,459
Benefit payments, including refunds of employee contributions	(2,345,298)
Net Change in total pension liability	367,813
Total pension liability, beginning	23,622,819
Total pension liability, ending	23,990,632
 Plan fiduciary net position	
Contributions-employer	1,325,049
Contributions-employee	-
Net investment income	313,745
Benefit payments, including refunds of employee contributions	(2,345,298)
Administrative expenses	(26,501)
Other changes	-
Net Change in total plan fiduciary net position	(733,005)
Plan fiduciary net position, beginning	10,612,586
Plan fiduciary net position, ending	9,879,581
 Net pension liability	\$ 14,111,051
 Plan fiduciary net position as a percentage of the total pension liability	41.18%
Projected covered employee payroll	N/A
Net pension liability as a percentage of covered employee payroll	N/A

Note:

This schedule will eventually cover the 10 most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

See Independent Auditors' Report.

City of Biloxi, Mississippi
Notes to the Required Supplementary Information
For the Year Ended September 30, 2015

Note 1: Changes of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Note 2: Method and Assumptions used in Calculations of Actuarially Determined Contributions

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, 2015 were based on June 30, 2013 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

Combining Financial Statements

City of Biloxi, Mississippi
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2015

Assets	Special Revenue					Capital Projects			Tax Increment	Total	
	Community	Employees'	Employees'	City	Baseball	General Obligation	Public Improvement	2002 TIF	Junior Lien		
	Development	Disability &	State	Bicentennial	Capital				Obligation		Limited
	Block	Relief Fund	Unemployment	Trust Fund	Maintenance	2000	2003	2012	Obligation		
Grant		Fund		Fund	Bond Fund	Bond Fund	Bond Fund	Projects	Bond Series		
								Bond Fund	2014		
Cash	\$ 8	\$ -	\$ 424,226	\$ 31,101	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,335
Investments	-	-	-	-	-	83,877	634,939	375,845	249,001	-	1,343,662
Receivables:											
Taxes	-	20,718	-	-	-	-	-	-	-	-	20,718
Grants	32,524	-	-	-	-	-	-	-	-	-	32,524
Other	92,670	-	-	-	-	-	-	-	-	-	92,670
Mortgage loans receivable	1,211	-	-	-	-	-	-	-	-	-	1,211
Total assets	\$ 126,413	\$ 20,718	\$ 424,226	\$ 31,101	\$ 25,000	83,877	\$ 634,939	\$ 375,845	\$ 249,001	\$ -	\$ 1,971,120
Liabilities & Fund Balance											
Liabilities											
Accounts payable	\$ 32,524	\$ 20,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,242
Due to other city funds	-	-	-	-	-	-	-	-	1,160	-	1,160
Total liabilities	32,524	20,718	-	-	-	-	-	-	1,160	-	54,402
Fund balances											
Nonspendable											
Long-term receivables	1,211	-	-	-	-	-	-	-	-	-	1,211
Restricted for											
Claims	-	-	424,226	-	-	-	-	-	-	-	424,226
Endowment	-	-	-	31,101	-	-	-	-	-	-	31,101
Maintenance	-	-	-	-	25,000	-	-	-	-	-	25,000
Committed to											
Grant expenditures	92,678	-	-	-	-	-	-	-	-	-	92,678
Capital improvements	-	-	-	-	-	83,877	634,939	375,845	247,841	-	1,342,502
Total fund balances	93,889	-	424,226	31,101	25,000	83,877	634,939	375,845	247,841	-	1,916,718
Total liabilities & fund balances	\$ 126,413	\$ 20,718	\$ 424,226	\$ 31,101	\$ 25,000	\$ 83,877	\$ 634,939	\$ 375,845	\$ 249,001	\$ -	\$ 1,971,120

City of Biloxi, Mississippi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue					Capital Projects			Tax Increment Junior Lien Limited		Total
	Community Development Block Grant	Employees' Disability & Relief Fund	Employees' State Unemployment Fund	City Bicentennial Trust Fund	Baseball Capital Maintenance Fund	General Obligation Public Improvement			2002 TIF Capital Projects Bond Fund	Obligation Bond Series 2014	
						2000	2003	2012			
						Bond Fund	Bond Fund	Bond Fund			
Revenues											
Ad valorem taxes	\$ -	\$ 1,339,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,339,210
Intergovernmental	622,209	-	-	-	-	-	-	-	-	-	622,209
Other income	201,689	-	998	73	-	(52)	29	(431)	(34)	-	202,272
Total revenues	<u>823,898</u>	<u>1,339,210</u>	<u>998</u>	<u>73</u>	<u>-</u>	<u>(52)</u>	<u>29</u>	<u>(431)</u>	<u>(34)</u>	<u>-</u>	<u>2,163,691</u>
Expenditures											
Community Development	55,574	-	-	-	-	-	-	-	-	-	55,574
Benefit payments	-	1,339,210	1,568	-	-	-	-	-	-	-	1,340,778
Total expenditures	<u>55,574</u>	<u>1,339,210</u>	<u>1,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,396,352</u>
Excess (deficiency) of revenues over expenditures	<u>768,324</u>	<u>-</u>	<u>(570)</u>	<u>73</u>	<u>-</u>	<u>(52)</u>	<u>29</u>	<u>(431)</u>	<u>(34)</u>	<u>-</u>	<u>767,339</u>
Other financing sources (uses)											
Transfers in	-	-	-	-	25,000	-	-	-	-	-	25,000
Transfers out	(729,671)	-	-	-	-	-	-	(413,158)	(6,145)	(3,319)	(1,152,293)
Total other financing sources uses	<u>(729,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>(413,158)</u>	<u>(6,145)</u>	<u>(3,319)</u>	<u>(1,127,293)</u>
Net change in fund balances	<u>38,653</u>	<u>-</u>	<u>(570)</u>	<u>73</u>	<u>25,000</u>	<u>(52)</u>	<u>29</u>	<u>(413,589)</u>	<u>(6,179)</u>	<u>(3,319)</u>	<u>(359,954)</u>
Fund balances, beginning of year	<u>55,236</u>	<u>-</u>	<u>424,796</u>	<u>31,028</u>	<u>-</u>	<u>83,929</u>	<u>634,910</u>	<u>789,434</u>	<u>254,020</u>	<u>3,319</u>	<u>2,276,672</u>
Fund balances, end of year	<u>\$ 93,889</u>	<u>\$ -</u>	<u>\$ 424,226</u>	<u>\$ 31,101</u>	<u>\$ 25,000</u>	<u>\$ 83,877</u>	<u>\$ 634,939</u>	<u>\$ 375,845</u>	<u>\$ 247,841</u>	<u>\$ -</u>	<u>\$ 1,916,718</u>

City of Biloxi, Mississippi
Combining Statement of Net Position
Internal Service Funds
(for self-insured risks)
September 30, 2015

Assets	Liability, Property & Workers Comp.	Employee Medical Claims	Gaming Revenue Interruption	Total
Restricted assets				
Cash	\$ 1,365,075	\$ 420,723	\$ 78,682	\$ 1,864,480
Due from other City funds	1,386,067	-	-	1,386,067
Total restricted assets	<u>\$ 2,751,142</u>	<u>\$ 420,723</u>	<u>\$ 78,682</u>	<u>\$ 3,250,547</u>
Liabilities & Net Position				
Liabilities payable from restricted assets				
Claims contingency payable	<u>\$ 2,751,142</u>	<u>\$ 420,723</u>	<u>\$ -</u>	<u>\$ 3,171,865</u>
Net position				
Unrestricted	<u>-</u>	<u>-</u>	<u>78,682</u>	<u>78,682</u>
Total liabilities and net position	<u>\$ 2,751,142</u>	<u>\$ 420,723</u>	<u>\$ 78,682</u>	<u>\$ 3,250,547</u>

City of Biloxi, Mississippi
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
(for self-insured risks)
For the Year Ended September 30, 2015

	Liability, Property & Workers Comp.	Employee Medical Claims	Gaming Revenue Interruption	Total
Operating revenues				
Charges for services, insurance billings	\$ 4,696,612	\$ 6,761,393	\$ -	\$ 11,458,005
COBRA contributions	-	96,986	-	96,986
Total operating revenues	<u>\$ 4,696,612</u>	<u>\$ 6,858,379</u>	<u>\$ -</u>	<u>\$ 11,554,991</u>
Operating expenses				
Insurance and reinsurance	\$ 2,839,503	\$ 373,055	\$ -	\$ 3,212,558
Claims expense	1,857,109	6,486,358	-	8,343,467
Total operating expenses	<u>4,696,612</u>	<u>6,859,413</u>	<u>-</u>	<u>11,556,025</u>
Operating income (loss)	-	(1,034)	-	(1,034)
Non-operating revenues (expenses)				
Interest income	-	1,034	185	1,219
Income before transfers	-	-	185	185
Change in net position	-	-	185	185
Net position, beginning	-	-	78,497	78,497
Net position, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,682</u>	<u>\$ 78,682</u>

City of Biloxi, Mississippi
Combining Statement of Cash Flows
Internal Service Funds
(for self-insured risks)
For the Year Ended September 30, 2015

	Liability, Property & Workers Comp.	Employee Medical Claims	Gaming Revenue Interruption	Total
Cash flows from operating activities				
Receipts from customers	\$ 4,696,612	\$ 6,858,379	\$ -	\$ 11,554,991
Payments to suppliers	(5,841,181)	(7,154,487)	-	(12,995,668)
Net cash provided by (used in) operating activities	(1,144,569)	(296,108)	-	(1,440,677)
Cash flows from non-capital financing activities				
Loans (to) other funds	750,234	-	-	750,234
Net cash provided by (used in) non-capital financing activities	750,234	-	-	750,234
Cash flows from investing activities				
Interest and dividends on investments	-	1,034	185	1,219
Net cash provided by (used in) investing activities	-	1,034	185	1,219
Net increase (decrease) in cash and cash equivalents	(394,335)	(295,074)	185	(689,224)
Cash and cash equivalents, beginning of period	1,759,410	715,797	78,497	2,553,704
Cash and cash equivalents, end of period	\$ 1,365,075	\$ 420,723	\$ 78,682	\$ 1,864,480

City of Biloxi, Mississippi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Budget Basis
Debt Service Fund
For the Year Ended September 30, 2015

	Actual	Budget	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 5,867,958	\$ 5,816,613	\$ 51,345
Intergovernmental	1,233,608	1,233,608	-
Other income	18,575	8,800	9,775
	<u>7,120,141</u>	<u>7,059,021</u>	<u>61,120</u>
Expenditures			
Principal retirement	4,707,794	5,207,109	499,315
Interest expense	3,745,787	3,966,952	221,165
Paying agents' fees	19,750	27,000	7,250
Total expenditures	<u>8,473,331</u>	<u>9,201,061</u>	<u>727,730</u>
Excess (deficiency) of revenues over expenditures	<u>(1,353,190)</u>	<u>(2,142,040)</u>	<u>788,850</u>
Other financing sources (uses)			
Transfers in	3,371	-	3,371
Total other financing sources (uses)	<u>3,371</u>	<u>-</u>	<u>3,371</u>
Excess (deficiency) of revenues over and other sources over expenditures and other uses	<u>(1,349,819)</u>	<u>(2,142,040)</u>	<u>792,221</u>
Fund balances, beginning of year	<u>16,469,864</u>	<u>16,469,864</u>	<u>-</u>
Fund balances, end of year	<u>\$ 15,120,045</u>	<u>\$ 14,327,824</u>	<u>\$ 792,221</u>

City of Biloxi, Mississippi
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Budget Basis
Community Development Block Grant
For the Year Ended September 30, 2015

	Actual	Budget	Variance Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	\$ 589,684	\$ 950,000	\$ (360,316)
Other income	133,234	151,400	(18,166)
Total revenues	<u>722,918</u>	<u>1,101,400</u>	<u>(378,482)</u>
Expenditures			
Community Development	<u>52,834</u>	<u>818,685</u>	<u>765,851</u>
Excess (deficiency) of revenues over expenditures	670,084	282,715	387,369
Other financing sources (uses)			
Transfers out	<u>(729,671)</u>	<u>(730,000)</u>	<u>329</u>
Total other financing sources (uses)	<u>(729,671)</u>	<u>(730,000)</u>	<u>329</u>
Excess (deficiency) of revenues and other expenditures and other uses	<u>(59,587)</u>	<u>(447,285)</u>	<u>387,698</u>
Fund balances, beginning of year	<u>(35,171)</u>	<u>(35,171)</u>	<u>-</u>
Fund balances, end of year	<u>\$ (94,758)</u>	<u>\$ (482,456)</u>	<u>\$ 387,698</u>

City of Biloxi, Mississippi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Budget Basis
Employees' Disability & Relief Funds
For the Year Ended September 30, 2015

	Fire and Police Disability & Relief Fund	Employees' Disability & Relief Fund	Total	Budget	Variance Positive (Negative)
Revenues					
Ad valorem taxes	\$ 848,255	\$ 477,146	\$ 1,325,401	\$ 1,344,653	\$ (19,252)
Expenditures					
Benefit payments	848,255	477,146	1,325,401	1,344,653	19,252
Excess of revenues over expenditures	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

City of Biloxi, Mississippi
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Budget Basis
Employees’ State Unemployment Fund
For the Year Ended September 30, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive (Negative)
Revenues			
Other income	\$ 998	\$ 1,000	\$ (2)
Total revenues	<u>998</u>	<u>1,000</u>	<u>(2)</u>
 Expenditures			
Benefit payments	<u>1,568</u>	<u>20,000</u>	<u>18,432</u>
 Excess (deficiency) of revenues over expenditures	(570)	(19,000)	18,430
 Fund balances, beginning of year	<u>424,796</u>	<u>424,796</u>	<u>-</u>
 Fund balances, end of year	<u><u>\$ 424,226</u></u>	<u><u>\$ 405,796</u></u>	<u><u>\$ 18,430</u></u>

City of Biloxi, Mississippi
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Budget Basis
City Bicentennial Trust Fund
For the Year Ended September 30, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive (Negative)
Revenues			
Other income	\$ 73	\$ 65	\$ 8
Total revenues	<u>73</u>	<u>65</u>	<u>8</u>
Expenditures			
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	73	65	8
Fund balances, beginning of year	<u>31,028</u>	<u>31,028</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 31,101</u></u>	<u><u>\$ 31,093</u></u>	<u><u>\$ 8</u></u>

City of Biloxi, Mississippi
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Budget Basis
Baseball Capital Maintenance Fund
For the Year Ended September 30, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive (Negative)
Revenues			
Other income	\$ -	\$ 25,000	\$ (25,000)
Total revenues	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>
Other financing sources (uses)			
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenues over other financing sources (uses)	25,000	50,000	(25,000)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ (25,000)</u>

City of Biloxi, Mississippi
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – Budget Basis
Capital Projects Funds
For the Year Ended September 30, 2015

	General Capital Projects Fund	General Obligation Public Improvement		2002 TIF Capital Projects Bond Fund	2012 GO Capital Projects Bond Fund	Tax Increment Junior Lien Limited Obligation Bond Series 2014	2014 General Obligation Bond Fund	2014 Special Obligation Bond Series	Total	Budget	Variance Positive (Negative)
		2003 Bond Fund	2000 Bond Fund								
Revenues											
Intergovernmental	\$ 80,621,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,621,124	\$ 342,180,720	\$ (261,559,596)
Other income	-	29	(52)	(35)	(432)	-	991	684	1,185	50	1,135
Total revenues	<u>80,621,124</u>	<u>29</u>	<u>(52)</u>	<u>(35)</u>	<u>(432)</u>	<u>-</u>	<u>991</u>	<u>684</u>	<u>80,622,309</u>	<u>342,180,770</u>	<u>(261,558,461)</u>
Expenditures											
Capital projects	104,696,301	-	-	-	-	-	-	-	104,696,301	383,085,087	278,388,786
Bond issue costs	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>104,696,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,696,301</u>	<u>383,085,087</u>	<u>278,388,786</u>
Excess (deficiency) of revenues over expenditures	<u>(24,075,177)</u>	<u>29</u>	<u>(52)</u>	<u>(35)</u>	<u>(432)</u>	<u>-</u>	<u>991</u>	<u>684</u>	<u>(24,073,992)</u>	<u>(40,904,317)</u>	<u>16,830,325</u>
Other financing sources (uses)											
Issuance of notes	2,273,225	-	-	-	-	-	-	-	2,273,225	4,452,315	(2,179,090)
Transfers in	22,401,041	-	-	-	-	-	-	-	22,401,041	28,984,896	(6,583,855)
Transfers out	-	-	-	(4,985)	(413,158)	(3,319)	(5,113,441)	(16,191,924)	(21,726,827)	(27,248,315)	5,521,488
Total other financing sources (uses)	<u>24,674,266</u>	<u>-</u>	<u>-</u>	<u>(4,985)</u>	<u>(413,158)</u>	<u>(3,319)</u>	<u>(5,113,441)</u>	<u>(16,191,924)</u>	<u>2,947,439</u>	<u>6,188,896</u>	<u>(3,241,457)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>599,089</u>	<u>29</u>	<u>(52)</u>	<u>(5,020)</u>	<u>(413,590)</u>	<u>(3,319)</u>	<u>(5,112,450)</u>	<u>(16,191,240)</u>	<u>(21,126,553)</u>	<u>(34,715,421)</u>	<u>13,588,868</u>
Fund balances, beginning of year	(13,976,827)	634,910	83,928	254,021	789,434	3,319	12,416,398	16,191,242	16,396,425	16,396,425	-
Fund balances, end of year	<u>\$ (13,377,738)</u>	<u>\$ 634,939</u>	<u>\$ 83,876</u>	<u>\$ 249,001</u>	<u>\$ 375,844</u>	<u>\$ -</u>	<u>\$ 7,303,948</u>	<u>\$ 2</u>	<u>\$ (4,730,128)</u>	<u>\$ (18,318,996)</u>	<u>\$ 13,588,868</u>

City of Biloxi, Mississippi
Schedule of Revenues and Expenses Compared to Budget
Water and Sewer Fund
For the Year Ended September 30, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive (Negative)
Revenues			
Charges for services:			
Water and sewer charges	\$14,108,375	\$13,335,000	\$ 773,375
Keesler Air Force Base, sewer	649,916	800,000	(150,084)
Interest income	(11,455)	10,000	(21,455)
Other income	1,725	6,000	(4,275)
Total revenues	<u>14,748,561</u>	<u>14,151,000</u>	<u>597,561</u>
Expenses			
Personal services	1,542,017	1,661,091	119,074
Contracted services	10,828,284	10,911,241	82,957
Other services and charges	1,916,603	2,184,633	268,030
Debt principal	278,712	231,794	(46,918)
Interest expense	85,008	71,307	(13,701)
Capital outlay	615,403	682,570	67,167
Total expenses	<u>15,266,027</u>	<u>15,742,636</u>	<u>476,609</u>
Operating income (loss)	(517,466)	(1,591,636)	1,074,170
Income before transfers	(517,466)	(1,591,636)	1,074,170
Transfers out	<u>(344,139)</u>	<u>(956,703)</u>	<u>612,564</u>
Change in net position	<u>\$ (861,605)</u>	<u>\$ (2,548,339)</u>	<u>\$ 1,686,734</u>

City of Biloxi, Mississippi
Schedule of Revenues and Expenses Compared to Budget
Biloxi Port Fund
For the Year Ended September 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services:			
Harbor fees and rents	\$ 1,696,431	\$ 1,334,000	\$ 362,431
Intergovernmental revenues	221,330	224,000	(2,670)
Other income	13,631	2,800	10,831
Total revenues	<u>1,931,392</u>	<u>1,560,800</u>	<u>370,592</u>
Expenses			
Personal services	1,085,017	1,126,984	41,967
Contracted services	169,089	178,196	9,107
Other services and charges	300,969	318,149	17,180
Bond principal	155,000	155,000	-
Interest expense	62,342	62,705	363
Total expenses	<u>1,772,417</u>	<u>1,841,034</u>	<u>68,617</u>
Operating income (loss)	<u>158,975</u>	<u>(280,234)</u>	<u>439,209</u>
Income before transfers	158,975	(280,234)	439,209
Transfers out	<u>(80,408)</u>	<u>(530,172)</u>	<u>449,764</u>
Change in net position	<u>\$ 78,567</u>	<u>\$ (810,406)</u>	<u>\$ 888,973</u>

City of Biloxi, Mississippi
Schedule of Revenues and Expenses Compared to Budget
Internal Service Funds
(for self-insured risks)
For the Year Ended September 30, 2015

	Liability, Property & Workers Comp.	Employee Medical Claims	Gaming Revenue Interruption	Total	Budget	Variance Positive (Negative)
Revenues						
Charges for services, insurance billings	\$4,696,612	\$6,761,393	\$ -	\$ 11,458,005	\$ 11,583,500	\$ (125,495)
COBRA contributions	-	96,986	-	96,986	90,000	6,986
Interest income	-	1,034	185	1,219	5,000	(3,781)
Total revenues	<u>4,696,612</u>	<u>6,859,413</u>	<u>185</u>	<u>11,556,210</u>	<u>11,678,500</u>	<u>(122,290)</u>
Expenses						
Insurance and reinsurance	2,839,503	373,055	-	3,212,558	3,765,000	552,442
Claims expense	<u>1,857,109</u>	<u>6,486,358</u>	<u>-</u>	<u>8,343,467</u>	<u>8,434,500</u>	<u>91,033</u>
Total expenses	<u>4,696,612</u>	<u>6,859,413</u>	<u>-</u>	<u>11,556,025</u>	<u>12,199,500</u>	<u>643,475</u>
Operating income (loss)	-	-	185	185	(521,000)	521,185
Income before transfers	<u>-</u>	<u>-</u>	<u>185</u>	<u>185</u>	<u>(521,000)</u>	<u>521,185</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185</u>	<u>\$ 185</u>	<u>\$ (521,000)</u>	<u>\$ 521,185</u>

Supplemental Information

City of Biloxi, Mississippi
Schedule of Investments – All Funds
September 30, 2015

	Yield	Purchase Date	Maturity Date	Reported Amount	Fair Value
Governmental Funds					
Capital Projects Funds					
2014 GO Bond Fund					
Money Market Fund	0.01%	various	N/A	\$ 7,526,870	\$ 7,526,870
2014 TIF Capital Projects Bond Fund					
Money Market Fund	0.01%	various	N/A	2	2
GOPI 2000 Bond Fund					
Money Market Fund	0.01%	various	N/A	83,877	83,877
2003 GO Bond Fund					
Money Market Fund	0.01%	various	N/A	634,939	634,939
2012 GO Bond Fund					
Money Market Fund	0.01%	various	N/A	375,845	375,845
2002 TIF Capital Projects Bond Fund					
Money Market Fund	0.01%	various	N/A	249,001	249,001
Debt Service Funds					
Money Market Fund	0.01%	various	N/A	14	14
Total investments, governmental funds				8,870,548	8,870,548
Proprietary funds					
Biloxi Port Fund					
Money Market Fund	0.01%	various	N/A	435,544	435,544
Money Market Fund	0.01%	various	N/A	198,902	198,902
Money Market Fund	0.01%	various	N/A	223,014	223,014
Total investments, proprietary funds				857,460	857,460
Total investments				<u>\$ 9,728,008</u>	<u>\$ 9,728,008</u>

See Independent Auditors' Report.

City of Biloxi, Mississippi
Schedule of Long-Term Debt
September 30, 2015

	Date Issued	Original Issue	Balance	New Issues	Retirements	Balance	Requirements Year Ended	
			October 1, 2014			September 30, 2015	September 30, 2016	
						Principal	Interest	
General Obligation Bonds and Notes								
General Obligation Refunding Bonds, Series 2011	10/28/11	\$ 9,350,000	\$ 7,420,000	\$ -	\$ 1,105,000	\$ 6,315,000	\$ 1,130,000	\$ 144,250
General Obligation Bonds, Series 2012	04/01/12	6,000,000	5,370,000	-	335,000	5,035,000	345,000	104,669
General Obligation Bonds, Series 2014	01/15/14	14,000,000	14,000,000	-	755,000	13,245,000	775,000	427,875
Mississippi Development Bank Special Obligation Bonds, Series 2014	02/24/14	21,000,000	21,000,000	-	-	21,000,000	765,000	885,475
Total General Obligation Bonds and Notes			<u>47,790,000</u>	<u>-</u>	<u>2,195,000</u>	<u>45,595,000</u>	<u>3,015,000</u>	<u>1,562,269</u>
Limited Obligation Bonds and Notes								
Mississippi Development Bank Promissory Note 1	01/04/01	10,000,000	2,069,730	-	580,843	1,488,887	497,508	13,492
Mississippi Development Authority Loan	11/01/01	500,000	228,083	-	26,530	201,553	27,326	6,282
Tax Increment Limited Obligation Refunding Bonds, Series 2006 A	10/31/06	31,685,000	28,700,000	-	1,490,000	27,210,000	1,565,000	1,260,743
Mississippi Development Bank Promissory Note 2	10/22/09	4,500,000	3,052,684	-	295,421	2,757,263	295,421	39,852
Tax Increment Junior Lien Limited Obligation Bonds, Series 2014	06/26/14	1,995,000	1,995,000	-	120,000	1,875,000	125,000	76,313
Total Limited Obligation Bonds and Notes			<u>36,045,497</u>	<u>-</u>	<u>2,512,794</u>	<u>33,532,703</u>	<u>2,510,255</u>	<u>1,396,682</u>
Other General Long-Term Debt								
Lease/Purchase, Hancock Bank	11/29/07	438,782	11,994	-	11,994	-	-	-
Lease/Purchase, Hancock Bank	04/23/12	603,200	244,118	-	120,857	123,261	123,261	2,454
Lease/Purchase, The Peoples Bank	10/28/14	707,771	-	707,771	370,000	337,771	337,771	17,069
Lease/Purchase, DeLage Landen Public Finance	02/01/15	142,562	-	142,562	7,133	135,429	44,929	2,456
Total Other General Long-Term Debt			<u>256,112</u>	<u>850,333</u>	<u>509,984</u>	<u>596,461</u>	<u>505,961</u>	<u>21,979</u>
Total General Long-Term Debt			<u>84,091,609</u>	<u>850,333</u>	<u>5,217,778</u>	<u>79,724,164</u>	<u>6,031,216</u>	<u>2,980,930</u>
Proprietary Funds Debt								
Water and Sewer Pollution Control Loans	1998-2015	11,418,768	3,474,187	2,273,225	229,759	5,517,653	278,849	76,152
Drinking Water Improvement Loan	11/03/11	1,133,861	1,073,995	-	48,953	1,025,042	49,916	19,544
Limited Tax Port Bonds, Series 1999	12/01/99	2,500,000	1,090,000	-	155,000	935,000	165,000	50,625
Total Proprietary Funds Debt			<u>5,638,182</u>	<u>2,273,225</u>	<u>433,712</u>	<u>7,477,695</u>	<u>493,765</u>	<u>146,321</u>
Totals			<u>\$ 89,729,791</u>	<u>\$ 3,123,558</u>	<u>\$ 5,651,490</u>	<u>\$ 87,201,859</u>	<u>\$ 6,524,981</u>	<u>\$ 3,127,251</u>

See Independent Auditors' Report.

City of Biloxi, Mississippi
Schedule of Surety Bonds for Municipal Officials
And Other Municipal Employees

Name	Position	Company	Bond
Andrew Gilich	Mayor	Fidelity and Deposit Company of Maryland	\$ 100,000
George Lawrence	Councilman	Fidelity and Deposit Company of Maryland	100,000
Felix Gines	Councilman	Fidelity and Deposit Company of Maryland	100,000
Dixie Newman	Councilman	Fidelity and Deposit Company of Maryland	100,000
Robert L. Deming III	Councilman	Fidelity and Deposit Company of Maryland	100,000
Paul A. Tisdale	Councilman	Fidelity and Deposit Company of Maryland	100,000
Kenny Glavan	Councilman	Fidelity and Deposit Company of Maryland	100,000
David Fayard	Councilman	Fidelity and Deposit Company of Maryland	100,000
Scott McElroy	Controller	Fidelity and Deposit Company of Maryland	50,000
Stacy Thacker	City Clerk/ Tax Collector	Fidelity and Deposit Company of Maryland	50,000
Pamela Trochesset	Court Clerk	Fidelity and Deposit Company of Maryland	10,000
John Miller	Director of Police	Fidelity and Deposit Company of Maryland	50,000

Note – In addition to the Surety Bond Coverage detailed above, all employees are covered under a \$100,000 Honesty Blanket Bond.

See Independent Auditors' Report.

Section III
Statistical Section

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

Schedules of:	Page
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.	94
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	99
Debt Capacity These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	102
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	107
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.	109

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

Schedule 1
City of Biloxi, Mississippi
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year			
	2015	2014	2013	2012
Governmental activities				
Net investment in capital assets	\$ 257,368,270	\$ 208,874,271	\$ 217,689,178	\$ 198,377,139
Restricted	18,852,464	55,596,738	26,040,170	38,699,539
Unrestricted	<u>(32,015,576)</u>	<u>8,230,037</u>	<u>13,068,206</u>	<u>4,992,905</u>
Total governmental activities net position	<u>\$ 244,205,158</u>	<u>\$ 272,701,046</u>	<u>\$ 256,797,554</u>	<u>\$ 242,069,583</u>
Business-type activities				
Net investment in capital assets	\$ 206,221,705	\$ 144,899,350	\$ 129,653,322	\$ 100,198,366
Restricted	857,460	851,135	844,640	837,393
Unrestricted	<u>(3,890,299)</u>	<u>(2,192,026)</u>	<u>(6,921,099)</u>	<u>(3,011,177)</u>
Total business-type activities net position	<u>\$ 203,188,866</u>	<u>\$ 143,558,459</u>	<u>\$ 123,576,863</u>	<u>\$ 98,024,582</u>
Primary government				
Net investment in capital assets	\$ 463,589,975	\$ 353,773,621	\$ 347,342,500	\$ 298,575,505
Restricted	19,709,924	56,447,873	26,884,810	39,536,932
Unrestricted	<u>(35,905,875)</u>	<u>6,038,011</u>	<u>6,147,107</u>	<u>1,981,728</u>
Total primary government net position	<u>\$ 447,394,024</u>	<u>\$ 416,259,505</u>	<u>\$ 380,374,417</u>	<u>\$ 340,094,165</u>

Fiscal Year

2011	2010	2009	2008	2007	2006
\$ 202,599,253	\$ 182,350,760	\$ 162,209,803	\$ 148,298,408	\$ 137,454,714	\$ 122,446,292
25,272,915	30,767,976	35,399,734	30,633,195	10,146,382	11,814,028
9,779,655	9,948,987	19,660,287	32,009,500	70,540,236	58,845,246
<u>\$ 237,651,823</u>	<u>\$ 223,067,723</u>	<u>\$ 217,269,824</u>	<u>\$ 210,941,103</u>	<u>\$ 218,141,332</u>	<u>\$ 193,105,566</u>
\$ 78,380,815	\$ 70,719,525	\$ 61,716,508	\$ 47,402,255	\$ 41,667,384	\$ 39,094,116
1,101,967	1,117,520	1,105,935	1,121,037	1,726,398	1,684,296
4,528,206	2,002,188	(11,504,300)	7,505,527	9,620,633	13,393,377
<u>\$ 84,010,988</u>	<u>\$ 73,839,233</u>	<u>\$ 51,318,143</u>	<u>\$ 56,028,819</u>	<u>\$ 53,014,415</u>	<u>\$ 54,171,789</u>
\$ 280,980,068	\$ 253,070,285	\$ 223,926,311	\$ 195,700,663	\$ 179,122,098	\$ 161,540,408
26,374,882	31,885,496	36,505,669	31,754,232	11,872,780	13,498,324
14,307,861	11,951,175	8,155,987	39,515,027	80,160,869	72,238,623
<u>\$ 321,662,811</u>	<u>\$ 296,906,956</u>	<u>\$ 268,587,967</u>	<u>\$ 266,969,922</u>	<u>\$ 271,155,747</u>	<u>\$ 247,277,355</u>

Schedule 2
City of Biloxi, Mississippi
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012
Expenses				
Governmental activities:				
General government	\$ 7,336,275	\$ 5,789,900	\$ 5,749,015	\$ 5,024,709
Parks and recreation	7,099,970	6,920,693	5,999,954	5,216,154
Public safety	36,471,601	36,417,140	34,082,368	34,096,575
Public works	10,485,934	10,652,115	11,876,265	10,500,823
Community development	5,350,968	3,861,583	6,720,748	4,546,745
Unallocated depreciation, infrastructure	2,856,092	3,043,524	2,630,920	2,642,780
Interest and other, long-term debt	3,820,370	2,161,010	2,766,751	2,499,336
Total governmental activities expenses	<u>73,421,210</u>	<u>68,845,965</u>	<u>69,826,021</u>	<u>64,527,122</u>
Business-type activities:				
Water & Sewer	16,266,519	15,459,099	14,236,840	14,605,675
Biloxi Port Fund	3,326,433	2,973,079	2,547,550	1,770,860
Point Cadet Development Corporation	-	200,000	-	-
Total business-type activities expenses	<u>19,592,952</u>	<u>18,632,178</u>	<u>16,784,390</u>	<u>16,376,535</u>
Total primary government expenses	<u>\$ 93,014,162</u>	<u>\$ 87,478,143</u>	<u>\$ 86,610,411</u>	<u>\$ 80,903,657</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 4,513	\$ 675	\$ 844	\$ 715
Parks and recreation	529,834	523,550	529,679	544,357
Public safety	1,461,704	1,222,643	1,175,149	1,576,015
Public works	1,438,371	1,455,771	1,419,928	1,433,888
Community development	5,719,830	4,167,428	4,988,389	4,673,921
Operating grants and contributions	1,467,196	902,346	2,310,684	1,481,036
Capital grants and contributions	18,093,700	43,981,867	30,528,891	20,131,998
Total governmental activities program reviews	<u>28,715,148</u>	<u>52,254,280</u>	<u>40,953,564</u>	<u>29,841,930</u>
Business-type activities:				
Charges for services:				
Water & Sewer	14,723,045	14,120,797	13,755,104	13,948,734
Biloxi Port Fund	1,698,409	1,477,090	1,338,749	1,386,143
Point Cadet Development Corporation	21,909	24,929	23,847	25,330
Capital grants and contributions	64,270,784	1,939,175	4,450,601	1,287,599
Total business-type activities program revenues	<u>80,714,147</u>	<u>17,561,991</u>	<u>19,568,301</u>	<u>16,647,806</u>
Total primary government program revenues	<u>\$ 109,429,295</u>	<u>\$ 69,816,271</u>	<u>\$ 60,521,865</u>	<u>\$ 46,489,736</u>

Fiscal Year

2011	2010	2009	2008	2007	2006
\$ 5,769,907	\$ 5,293,011	\$ 6,289,441	\$ 5,545,240	\$ 4,902,940	\$ 4,444,590
5,243,857	5,456,041	5,892,707	5,720,051	4,797,664	4,294,691
33,274,315	36,873,912	39,554,918	36,120,835	29,601,484	27,540,929
11,023,132	12,577,626	12,174,671	18,051,184	22,402,881	64,616,111
4,488,481	4,810,435	7,633,964	4,332,445	4,728,570	2,364,826
2,630,916	2,583,406	2,355,172	2,292,270	2,254,458	2,219,360
2,600,008	2,740,362	2,750,274	2,866,857	1,996,618	2,786,442
<u>65,030,616</u>	<u>70,334,793</u>	<u>76,651,147</u>	<u>74,928,882</u>	<u>70,684,615</u>	<u>108,266,949</u>
14,810,503	14,080,437	13,064,569	11,475,922	9,829,590	9,925,601
1,659,485	1,611,282	1,594,012	1,653,803	1,254,929	1,415,121
-	34	471	18,851	131	5,730
<u>16,469,988</u>	<u>15,691,753</u>	<u>14,659,052</u>	<u>13,148,576</u>	<u>11,084,650</u>	<u>11,346,452</u>
<u>\$ 81,500,604</u>	<u>\$ 86,026,546</u>	<u>\$ 91,310,199</u>	<u>\$ 88,077,458</u>	<u>\$ 81,769,265</u>	<u>\$ 119,613,401</u>
\$ 662	\$ 771	\$ 1,506	\$ 1,935	\$ 1,080	\$ 34,656
482,485	462,444	407,165	398,565	442,126	522,282
1,463,649	1,499,085	1,462,173	1,236,468	1,136,610	1,352,917
1,367,422	1,035,303	585,385	603,235	591,434	544,772
4,790,107	4,854,342	5,115,057	5,204,757	5,724,975	5,761,969
1,437,584	2,180,921	4,311,030	2,453,282	13,728,661	56,706,429
25,576,003	33,925,142	9,135,507	2,476,562	2,454,944	1,214,462
<u>35,117,912</u>	<u>43,958,008</u>	<u>21,017,823</u>	<u>12,374,804</u>	<u>24,079,830</u>	<u>66,137,487</u>
14,714,317	10,205,340	7,519,605	7,738,610	7,864,670	6,989,753
1,523,162	1,127,665	1,470,994	1,246,597	1,660,968	1,768,179
22,668	19,873	24,837	58,844	27,595	20,874
477,166	3,287,713	1,379,466	7,222,126	1,801,139	2,269,780
<u>16,737,313</u>	<u>14,640,591</u>	<u>10,394,902</u>	<u>16,266,177</u>	<u>11,354,372</u>	<u>11,048,586</u>
<u>\$ 51,855,225</u>	<u>\$ 58,598,599</u>	<u>\$ 31,412,725</u>	<u>\$ 28,640,981</u>	<u>\$ 35,434,202</u>	<u>\$ 77,186,073</u>

Schedule 2
City of Biloxi, Mississippi
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012
Net (Expense)/Revenue				
Governmental activities	\$ (44,706,062)	\$ (16,591,685)	\$ (28,872,457)	\$ (34,685,192)
Business-type activities	61,121,195	(1,070,187)	2,783,911	271,271
 Total primary government net expense	 <u>\$ 16,415,133</u>	 <u>\$ (17,661,872)</u>	 <u>\$ (26,088,546)</u>	 <u>\$ (34,413,921)</u>
 General Revenues and Other				
Changes In Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 18,219,645	\$ 18,061,043	\$ 18,065,315	\$ 17,894,495
Intergovernmental, unrestricted	14,970,468	14,493,067	13,915,324	13,380,910
Gaming taxes	19,506,630	18,805,326	18,878,204	18,958,797
Other taxes	490,324	519,032	544,906	448,154
Unrestricted grants and contributions	1,200,000	1,200,000	1,200,000	1,543,637
Unrestricted investment earnings	51,589	20,323	49,425	216,010
Insurance proceeds	-	-	-	-
Miscellaneous	6,737,333	210,985	413,597	151,675
Transfers	1,338,779	(20,814,599)	(22,519,734)	(13,490,726)
Special item				
Community Disaster Loan forgiveness	-	-	13,053,391	-
Total governmental activities	<u>62,514,768</u>	<u>32,495,177</u>	<u>43,600,428</u>	<u>39,102,952</u>
 Business-type activities:				
Property taxes	222,064	223,650	230,264	223,269
Investment earnings	(11,228)	13,534	18,373	28,328
Transfers	(1,338,779)	20,814,599	22,519,734	13,490,726
Total business-type activities	<u>(1,127,943)</u>	<u>21,051,783</u>	<u>22,768,371</u>	<u>13,742,323</u>
 Total primary government	 <u>\$ 61,386,825</u>	 <u>\$ 53,546,960</u>	 <u>\$ 66,368,799</u>	 <u>\$ 52,845,275</u>
 Change in Net Position				
Governmental activities	\$ 17,808,706	\$ 15,903,492	\$ 14,727,971	\$ 4,417,760
Business-type activities	59,993,252	19,981,596	25,552,282	14,013,594
 Total primary government	 <u>\$ 77,801,958</u>	 <u>\$ 35,885,088</u>	 <u>\$ 40,280,253</u>	 <u>\$ 18,431,354</u>

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ (29,912,704)	\$ (26,376,785)	\$ (55,633,324)	\$ (62,554,078)	\$ (46,604,785)	\$ (42,129,462)
267,325	(1,051,162)	(4,264,150)	3,117,601	269,722	(297,866)
<u>\$ (29,645,379)</u>	<u>\$ (27,427,947)</u>	<u>\$ (59,897,474)</u>	<u>\$ (59,436,477)</u>	<u>\$ (46,335,063)</u>	<u>\$ (42,427,328)</u>
\$ 18,000,323	\$ 18,148,452	\$ 18,125,894	\$ 14,850,437	\$ 11,884,058	\$ 16,859,108
13,155,811	13,053,295	13,405,142	14,131,140	14,098,356	12,519,876
19,617,237	18,902,497	19,631,434	22,030,475	22,518,892	15,187,146
1,445,804	995,736	711,062	1,065,200	1,684,283	706,999
1,200,000	3,367,995	6,018,256	399,672	-	527,815
274,424	307,179	399,787	2,009,599	4,217,134	2,298,869
-	-	-	-	12,794,680	16,306,863
472,894	729,762	251,009	190,307	1,444,358	756,751
(9,669,689)	(23,330,232)	3,419,459	677,019	2,998,790	(933,637)
-	-	-	-	-	-
<u>44,496,804</u>	<u>32,174,684</u>	<u>61,962,043</u>	<u>55,353,849</u>	<u>71,640,551</u>	<u>64,229,790</u>
223,343	219,590	209,134	229,178	872,186	920,215
11,398	22,430	46,799	344,644	699,508	389,262
9,669,689	23,330,232	(702,459)	(677,019)	(2,998,790)	(497,454)
<u>9,904,430</u>	<u>23,572,252</u>	<u>(446,526)</u>	<u>(103,197)</u>	<u>(1,427,096)</u>	<u>812,023</u>
<u>\$ 54,401,234</u>	<u>\$ 55,746,936</u>	<u>\$ 61,515,517</u>	<u>\$ 55,250,652</u>	<u>\$ 70,213,455</u>	<u>\$ 65,041,813</u>
\$ 14,584,100	\$ 5,797,899	\$ 6,328,719	\$ (7,200,229)	\$ 25,035,766	\$ 22,100,328
10,171,755	22,521,090	(4,710,676)	3,014,404	(1,157,374)	514,157
<u>\$ 24,755,855</u>	<u>\$ 28,318,989</u>	<u>\$ 1,618,043</u>	<u>\$ (4,185,825)</u>	<u>\$ 23,878,392</u>	<u>\$ 22,614,485</u>

Schedule 3
City of Biloxi, Mississippi
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable				
Prepays	1,184,022	1,038,687	1,606,357	1,885,369
Restricted for				
Public Safety	1,696,553	2,118,923	2,283,789	2,147,890
Committed for				
Capital improvements	249,706	603,424	603,424	961,111
Unassigned	9,586,517	3,765,031	7,281,575	10,996,461
Total general fund	<u>\$ 12,716,798</u>	<u>\$ 7,526,065</u>	<u>\$ 11,775,145</u>	<u>\$ 15,990,831</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
General Capital Projects Fund	-	-	-	-
Other non-major governmental funds, special revenue	-	-	-	-
Nonspendable				
Prepays	-	-	-	-
Long-term receivables	1,211	12,337	71,091	72,253
Restricted for				
Claims	424,226	424,796	436,755	-
Endowment	31,101	31,028	30,959	30,888
Maintenance	25,000	-	-	-
Committed for				
Grant expenditures	92,678	42,899	-	-
Capital improvements	8,488,554	34,680,797	6,207,516	16,100,494
Debt Service	16,333,200	17,694,871	-	-
Unassigned	-	-	16,447,973	19,755,268
Total all other governmental funds	<u>\$ 25,395,970</u>	<u>\$ 52,886,728</u>	<u>\$ 23,194,294</u>	<u>\$ 35,958,903</u>

(1) For fiscal year ended June 30, 2006, the State changed its methodology for applying GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions to individual income taxes. The State now reports an estimate of underpayments of individual — income taxes. The State also changed its method to estimate overpayments of individual income taxes (i.e., income tax refunds payable and applied refunds). For the purpose of reporting underpayments, the availability period for the General Fund individual income taxes was extended from thirty-one days to twelve months after year-end. Where the underpayments exceed overpayments, individual income tax revenues are recognized to the extent of estimated overpayments (i.e., income tax refunds payable and applied refunds).

(2) For the fiscal year ended June 30, 2011, GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented. Fiscal years prior to 2011 have not been restated.

Fiscal Year

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ 3,142,091	\$ 3,822,099	\$ 2,345,677	\$ 2,864,621	\$ 2,525,615
-	15,040,957	23,635,948	36,736,391	55,178,878	52,281,003
1,271,971	-	-	-	-	-
2,304,194	-	-	-	-	-
2,437,365	-	-	-	-	-
13,093,202	-	-	-	-	-
<u>\$ 19,106,732</u>	<u>\$ 18,183,048</u>	<u>\$ 27,458,047</u>	<u>\$ 39,082,068</u>	<u>\$ 58,043,499</u>	<u>\$ 54,806,618</u>
\$ -	\$ 28,706,822	\$ 32,905,850	\$ 28,434,989	\$ 7,442,457	\$ 9,453,276
-	-	-	-	20,133,801	-
-	626,741	-	568,205	812,124	695,568
3,500,146	-	-	-	-	-
73,857	-	-	-	-	-
-	-	-	-	-	-
30,649	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,027,355	-	-	-	-	-
-	-	-	-	-	-
10,786,211	-	-	-	-	-
<u>\$ 23,418,218</u>	<u>\$ 29,333,563</u>	<u>\$ 32,636,352</u>	<u>\$ 29,003,194</u>	<u>\$ 28,388,382</u>	<u>\$ 10,148,844</u>

Schedule 4
City of Biloxi, Mississippi
Changes in Fund Balance,
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012
Revenues				
Taxes	\$ 18,219,645	\$ 18,061,043	\$ 18,065,315	\$ 17,894,496
Licenses and permits	4,273,811	4,105,012	3,971,017	3,600,317
Intergovernmental	51,886,483	75,025,316	64,224,966	52,759,556
Charges for services	1,969,514	1,930,054	1,900,722	1,945,448
Fines	1,452,446	1,582,593	1,162,496	1,461,955
Other	11,467,883	3,483,482	4,694,793	4,188,264
Total revenues	<u>89,269,782</u>	<u>104,187,500</u>	<u>94,019,309</u>	<u>81,850,036</u>
Expenditures				
General government	6,087,561	4,841,742	5,131,720	4,300,384
Parks and recreation	4,740,023	4,154,492	5,328,234	4,870,366
Public safety	31,041,531	30,312,720	30,479,166	29,711,155
Public works	8,548,707	9,008,665	8,946,705	9,922,377
Community development	3,436,443	3,852,521	5,969,673	3,838,829
Non-departmental	3,533,429	5,390,673	5,066,437	4,220,796
Retirement contribution	-	-	-	-
Capital outlay	47,843,061	30,460,296	18,752,843	7,596,960
Debt service:				
Principal	4,707,794	4,742,428	4,596,677	3,520,949
Interest	3,820,370	1,848,628	2,426,967	2,183,209
Bond issue costs	-	623,088	-	419,948
Total expenditures	<u>113,758,919</u>	<u>95,235,253</u>	<u>86,698,422</u>	<u>70,584,973</u>
Excess of revenues over (under) expenditures	(24,489,137)	8,952,247	7,320,887	11,265,063
Other Financing Sources (Uses)				
Insurance proceeds	-	-	-	-
Issuance of bonds	-	37,305,706	-	9,673,738
Payment to refunded bond escrow agent	-	-	(3,781,448)	(5,980,000)
Issuance of notes	-	-	-	6,083,655
Capital lease	850,333	-	-	-
Transfers in	26,790,224	9,301,508	7,217,108	2,588,311
Transfers out	(25,451,445)	(30,116,107)	(27,736,842)	(14,205,984)
Total other financing sources (uses)	<u>2,189,112</u>	<u>16,491,107</u>	<u>(24,301,182)</u>	<u>(1,840,280)</u>
Net change in fund balances	<u>\$ (22,300,025)</u>	<u>\$ 25,443,354</u>	<u>\$ (16,980,295)</u>	<u>\$ 9,424,783</u>
Debt services as a percentage of noncapital expenditures	12.2%	10.2%	10.1%	9.1%

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 18,000,327	\$ 18,148,456	\$ 18,125,894	\$ 14,850,437	\$ 11,884,058	\$ 16,859,108
3,972,726	3,848,235	4,006,293	4,192,441	4,366,535	4,059,907
59,699,160	69,507,081	47,334,921	37,283,930	50,509,539	83,596,269
1,841,049	1,520,101	1,035,225	1,198,608	1,000,762	1,124,939
1,336,302	1,404,579	1,361,195	1,202,481	1,123,537	1,346,888
4,417,712	5,015,051	4,778,893	5,882,659	10,760,698	6,956,788
<u>89,267,276</u>	<u>99,443,503</u>	<u>76,642,421</u>	<u>64,610,556</u>	<u>79,645,129</u>	<u>113,943,899</u>
5,101,367	4,650,116	5,549,821	5,111,940	4,319,296	4,221,591
4,948,222	5,213,572	5,316,864	5,344,806	3,965,717	3,766,106
28,495,792	32,081,669	33,953,635	34,791,692	28,417,622	27,139,584
9,383,848	12,358,655	11,340,820	15,457,386	20,885,545	63,498,853
3,481,616	3,587,332	6,423,995	3,425,986	2,338,863	2,248,326
3,934,012	4,956,816	4,826,960	5,003,572	4,031,368	2,919,036
-	-	-	-	-	-
22,807,930	25,130,739	14,560,072	11,351,010	7,986,131	3,259,444
4,147,114	3,878,578	3,621,661	3,278,169	3,590,680	4,787,845
2,289,344	2,367,400	2,454,374	2,570,957	1,615,844	2,786,442
-	66,184	-	-	75,219	-
<u>84,589,245</u>	<u>94,291,061</u>	<u>88,048,202</u>	<u>86,335,518</u>	<u>77,226,285</u>	<u>114,627,227</u>
4,678,031	5,152,442	(11,405,781)	(21,724,962)	2,418,844	(683,328)
-	-	-	-	12,794,680	16,306,863
-	-	-	-	34,020,000	-
-	-	-	-	(31,669,936)	-
-	4,500,000	2,717,000	2,258,000	4,000,000	7,000,000
-	-	-	438,782	-	897,699
811,932	4,234,063	6,675,931	9,168,356	28,184,393	3,255,948
<u>(10,481,621)</u>	<u>(5,189,932)</u>	<u>(5,973,471)</u>	<u>(8,491,337)</u>	<u>(28,271,562)</u>	<u>(2,758,494)</u>
<u>(9,669,689)</u>	<u>3,544,131</u>	<u>3,419,460</u>	<u>3,373,801</u>	<u>19,057,575</u>	<u>24,702,016</u>
<u>\$ (4,991,658)</u>	<u>\$ 8,696,573</u>	<u>\$ (7,986,321)</u>	<u>\$ (18,351,161)</u>	<u>\$ 21,476,419</u>	<u>\$ 24,018,688</u>
10.4%	9.3%	8.5%	8.4%	7.9%	7.0%

Schedule 5
City of Biloxi, Mississippi
Assessed Value and Actual
Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended	Real Property (1)		Personal Property	
	Assessed Value	Actual Value	Assessed Value	Actual Value
2015	\$ 437,392,996	\$ 3,197,317,222	\$ 80,991,055	\$ 539,940,367
2014	433,584,144	3,169,474,737	86,086,954	573,913,027
2013	435,311,024	3,182,098,129	82,773,399	551,822,660
2012	429,562,389	3,140,075,943	82,127,814	547,518,760
2011	432,803,922	3,163,771,360	81,961,919	546,412,793
2010	422,530,047	3,088,669,934	94,168,478	627,789,853
2009	416,010,814	3,041,014,722	99,426,267	662,841,780
2008	315,103,936	2,303,391,345	86,235,198	574,901,320
2007	264,457,015	1,933,165,314	42,427,809	282,852,060
2006	367,933,781	2,689,574,423	97,968,890	653,125,933

(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.

Schedule 6
City of Biloxi, Mississippi
Direct and Overlapping
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended	Tax Year	City of Biloxi		
		Operating Millage	Debt Service	Total
2015	2014	22.40	7.70	30.10
2014	2013	20.90	9.20	30.10
2013	2012	20.90	9.20	30.10
2012	2011	20.90	9.20	30.10
2011	2010	20.90	9.20	30.10
2010	2009	20.90	9.20	30.10
2009	2008	20.90	9.20	30.10
2008	2007	20.90	9.20	30.10
2007	2006	20.90	9.20	30.10
2006	2005	20.90	9.20	30.10

Ad valorem taxes 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.

Utility		Automobile & Mobile Home		Total		Ratio of Assessed to Actual
Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	
\$ 38,662,283	\$ 257,748,553	\$ 42,722,799	\$ 142,409,330	\$ 599,769,133	\$4,137,415,472	14.50%
38,561,283	257,075,220	44,272,817	147,576,057	602,505,198	4,148,039,041	14.53%
35,325,443	235,502,953	45,166,010	150,553,367	598,575,876	4,119,977,109	14.53%
30,756,859	205,045,727	48,253,043	160,843,477	590,700,105	4,053,483,907	14.57%
33,429,527	222,863,513	48,500,401	161,668,003	596,695,769	4,094,715,669	14.57%
30,822,609	205,484,060	56,529,070	188,430,233	604,050,204	4,110,374,080	14.70%
30,021,990	200,146,600	60,482,827	201,609,423	605,941,898	4,105,612,525	14.76%
28,489,554	189,930,360	65,897,368	219,657,893	495,726,056	3,287,880,918	15.08%
20,810,411	138,736,073	61,828,287	206,094,290	389,523,522	2,560,847,737	15.21%
21,956,503	146,376,687	54,004,362	180,014,540	541,863,536	3,669,091,583	14.77%

Harrison County			Biloxi School District			Total Millage
Operating Millage	Debt Service	Total	Operating Millage	Debt Service	Total	
32.13	4.10	36.23	37.96	5.41	43.37	109.70
32.58	3.37	35.95	36.82	6.23	43.05	109.10
32.58	3.37	35.95	35.16	7.89	43.05	109.10
32.58	3.37	35.95	33.78	7.77	41.55	107.60
32.58	3.37	35.95	34.13	7.42	41.55	107.60
32.58	3.37	35.95	32.97	7.11	40.08	106.13
32.58	3.37	35.95	30.64	7.39	38.03	104.08
34.24	2.37	36.61	30.44	7.59	38.03	104.74
34.35	2.14	36.49	30.44	7.59	38.03	104.62
34.14	2.35	36.49	30.58	7.45	38.03	104.62

Schedule 7
City of Biloxi, Mississippi
Principal Property Tax Payers
Current Year and 10 Years Prior

<u>Taxpayer</u>	<u>2015</u>			<u>2005</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Beau Rivage	\$ 69,451,295	1	11.58%	\$ 68,068,899	1	13.10%
Imperial Palace	34,041,516	2	5.68%	21,480,465	3	4.13%
Mississippi Power	25,604,768	3	4.27%	8,674,057	7	1.67%
Hard Rock Casino	20,516,943	4	3.42%	-		
Harrah's/Grand Casino	17,251,193	5	2.88%	32,348,080	2	6.23%
Golden Nugget Casino/Isle of Capri Casino	12,474,355	6	2.08%	16,617,032	5	3.20%
Palace Casino	10,275,251	7	1.71%	8,596,374	9	1.65%
American National	6,091,702	8	1.02%	-		
Merit Health Biloxi Regional	5,717,721	9	0.95%	-		
Boomtown Casino	5,038,308	10	0.84%	-		
Bell South				8,603,031	8	1.66%
Casino Magic				17,896,829	4	3.45%
Master				11,110,396	6	2.14%
President Casino				5,604,828	10	1.08%
Total	<u>\$ 206,463,052</u>		<u>34.42%</u>	<u>\$ 198,999,991</u>		<u>38.31%</u>

Schedule 8
City of Biloxi, Mississippi
Property Tax Levies
and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 39,367,404	\$ 39,291,031	99.81%	\$ 27,412	\$ 39,318,443	99.88%
2014	39,357,404	38,844,115	98.70%	493,109	39,337,224	99.95%
2013	39,416,884	38,979,025	98.89%	392,464	39,371,489	99.88%
2012	38,265,898	38,052,884	99.44%	403,659	38,456,543	100.50%
2011	38,618,482	38,598,059	99.95%	632,153	39,230,212	101.58%
2010	37,966,436	37,478,389	98.71%	683,980	38,162,369	100.52%
2009	30,784,713	29,715,851	96.53%	739,625	30,455,476	98.93%
2008	23,611,125	23,088,759	97.79%	1,176,800	24,265,559	102.77%
2007	33,817,049	33,670,317	99.57%	1,094,228	34,764,545	102.80%
2006	32,839,579	32,332,482	98.46%	415,459	32,747,941	99.72%

Schedule 9
City of Biloxi, Mississippi
Ratios of Outstanding
Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Limited Obligation Bonds	Capital Leases	Other General Long-Term Debt	Water/Sewer Revenue Bonds	SRF Loans
2015	\$ 45,595,000	\$ 29,085,000	\$ 596,461	\$ 4,447,703	\$ -	\$ 5,517,653
2014	47,790,000	30,695,000	256,112	5,350,497	-	3,474,187
2013	15,080,000	30,120,000	444,859	6,382,925	-	3,528,580
2012	20,990,000	31,485,000	628,443	18,414,602	-	2,922,390
2011	12,810,000	32,785,000	214,303	19,445,551	-	1,448,801
2010	14,465,000	34,020,000	467,234	20,702,664	-	1,121,106
2009	17,110,000	34,020,000	713,228	17,436,183	-	1,296,002
2008	19,800,000	34,020,000	949,731	15,650,854	-	1,464,905
2007	22,460,000	34,020,000	729,324	14,011,023	-	1,628,026
2006	24,995,000	30,405,000	897,699	10,542,312	-	1,628,026

Business-Type Activities

Port Bonds	Other Loans	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 935,000	\$ 1,025,042	\$ 87,201,859	Not Available	1,939
1,090,000	1,073,995	89,729,791	5.75%	1,995
1,240,000	1,122,004	57,918,368	3.81%	1,295
1,380,000	179,419	75,999,854	5.03%	1,432
1,640,000	-	68,343,655	4.54%	1,518
1,640,000	-	72,416,004	4.81%	1,644
1,760,000	2,787,113	75,122,526	4.85%	1,641
1,870,000	2,787,113	76,542,603	4.86%	1,670
1,975,000	2,787,113	77,610,486	4.70%	1,678
2,680,000	1,000,000	72,148,037	5.17%	1,563

Schedule 10
City of Biloxi, Mississippi
Ratios of General Bonded
Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended 9/30	Estimated Population (1)	Actual Value of Property (2)	Gross General Obligation Debt (3)	Less Debt Service Fund	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2015	44,984	\$ 4,137,415,472	\$ 45,595,000	\$ 16,333,200	\$ 29,261,800	0.71%	650
2014	44,984	4,148,039,041	47,790,000	17,694,871	30,095,129	0.73%	669
2013	44,735	4,119,977,109	15,080,000	16,477,727	(1,397,727)	-0.03%	-31
2012	44,578	4,053,483,907	20,990,000	19,459,156	1,530,844	0.04%	34
2011	44,239	4,094,715,669	12,810,000	13,910,717	(1,100,717)	-0.03%	-25
2010	44,054	4,110,374,080	14,465,000	12,487,416	1,977,584	0.05%	45
2009	45,766	4,105,612,525	17,110,000	10,826,183	6,283,817	0.15%	137
2008	45,828	3,287,880,918	19,800,000	6,524,693	13,275,307	0.40%	290
2007	46,246	2,560,847,737	22,460,000	3,716,525	18,743,475	0.73%	405
2006	46,166	3,669,091,583	24,995,000	3,651,761	21,343,239	0.58%	462

(1) *Annual Estimates of the Resident Population for Incorporated Places in Mississippi, April 1, 2010 to July 1, 2014.*

Retrieved March 3, 2016 from <http://www.census.gov/popest/cities>.

(2) Schedule "Assessed and Actual Value of Property"

(3) Includes notes; excludes tax increment debt and debt paid from Enterprise Fund revenues

Schedule 11
City of Biloxi, Mississippi
Direct and Overlapping
General Obligation Debt
As of September 30, 2015

	General Obligation Bonded Debt Outstanding	Applicable Percentage	Amount Applicable to City of Biloxi
	<u> </u>	<u> </u>	<u> </u>
Jurisdiction			
Direct:			
City of Biloxi	\$ 79,724,164	100.00%	\$ 79,724,164
Overlapping:			
Biloxi School District	20,873,069	100.00%	20,873,069
Harrison County	127,419,668	43.98%	56,039,170
City of Biloxi Limited Tax Port Bonds (1)	935,000	27.81%	260,024
Total overlapping	<u>149,227,737</u>		<u>77,172,262</u>
Totals	<u>\$ 228,951,901</u>		<u>\$ 156,896,426</u>

(1) Secured by the pledge of the avails of a continuing tax by Harrison County.

Schedule 12
City of Biloxi, Mississippi
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2015	2014	2013	2012
Debt Limit	\$ 89,965,370	\$ 90,375,780	\$ 86,506,249	\$ 89,205,082
Total net debt applicable to limit	45,595,000	47,790,000	15,080,000	31,990,000
Legal debt margin	<u>\$ 44,370,370</u>	<u>\$ 42,585,780</u>	<u>\$ 71,426,249</u>	<u>\$ 57,215,082</u>
 Total net debt applicable to the limit as a percentage of the debt limit	 50.68%	 52.88%	 17.43%	 26.69%

Fiscal Year					
2011	2010	2009	2008	2007	2006
\$ 89,504,365	\$ 90,607,531	\$ 90,891,285	\$ 74,358,908	\$ 58,428,528	\$ 81,279,530
23,810,000	25,465,000	28,110,000	30,800,000	33,460,000	31,995,000
<u>\$ 65,694,365</u>	<u>\$ 65,142,531</u>	<u>\$ 62,781,285</u>	<u>\$ 43,558,908</u>	<u>\$ 24,968,528</u>	<u>\$ 49,284,530</u>
26.60%	28.10%	30.93%	41.42%	57.27%	39.36%

Legal Debt Margin Calculated

for Fiscal Year 2015

Assessed Value	\$ 599,769,133
Debt Limit (15% of assessed value)	89,965,370
Debt applicable to limit:	
General obligation bonds	<u>45,595,000</u>
Total debt applicable to limit	<u>45,595,000</u>
Legal debt margin	<u>\$ 44,370,370</u>

Schedule 13
City of Biloxi, Mississippi
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended 9/30	Gross Revenues	Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements (1)			
				Principal	Interest	Total	Coverage
2015	\$ 14,723,045	\$ 16,181,511	\$ (1,458,466)	\$ 278,712	\$ 8,508	\$ 287,220	-507.8%
2014	14,120,797	15,347,555	(1,226,758)	271,981	91,740	363,721	-337.3%
2013	13,755,104	14,148,263	(393,159)	168,563	88,577	257,140	-152.9%
2012	13,948,732	14,576,313	(627,581)	161,287	29,357	190,644	-329.2%
2011	14,714,316	14,774,817	(60,501)	181,109	35,685	216,794	-27.9%
2010	10,205,341	13,959,998	(3,754,657)	174,896	41,898	216,794	-1731.9%
2009	7,399,448	12,941,452	(5,542,004)	168,903	47,891	216,794	-2556.3%
2008	7,964,405	11,346,358	(3,381,953)	163,121	53,673	216,794	-1560.0%
2007	8,264,274	9,730,830	(1,466,556)	-	-	-	N/A
2006	7,212,180	9,925,146	(2,712,966)	-	-	-	N/A

(1) State Pollution Control loans. Debt service deferred for 2007 and 2008.

Schedule 14
City of Biloxi, Mississippi
Demographic and
Economic Statistics
Last Ten Calendar Years

Year	Estimated Population (1)	Per Capita		School Enrollment (4)	Unemployment Rate (5)
		Personal Income (2)	Personal Income (3)		
2015	44,984	Not available	Not available	5,907	6.1
2014	44,984	34,664	1,559,325,376	5,892	7.1
2013	44,735	33,965	1,519,424,275	5,347	8.2
2012	44,515	33,959	1,511,684,885	4,842	8.6
2011	44,250	33,984	1,503,792,000	4,913	9.7
2010	44,098	34,130	1,505,064,740	4,806	9.2
2009	45,766	33,861	1,549,682,526	4,686	7.6
2008	45,828	34,338	1,573,641,864	4,780	5.6
2007	46,246	35,702	1,651,074,692	4,816	5.5
2006	46,166	30,212	1,394,767,192	4,711	10.4

- (1) *Annual Estimates of the Resident Population for Incorporated Places in Mississippi April 1, 2010 to July 1, 2014* . Retrieved March 3, 2016 from www.census.gov.
- (2) US Department of Commerce, Bureau of Economic Analysis *Per Capita Personal Income 2/ CAI-3 for Harrison County, Mississippi, November, 2015* . April 6, 2016 from <http://www.bea.gov>.
- (3) Calculated by multiplying Estimated Population by Per Capita Personal Income
- (4) Biloxi School District.
- (5) Annual average monthly percentages for fiscal year, City of Biloxi, Mississippi Department of Employment Security.

Schedule 15
City of Biloxi, Mississippi
Principal Employers
Current & Nine Years Prior

Employer	2015			2006		
	Employees	Rank	Percentage of Total Biloxi/Gulfport Metro Area Employment (2)	Employees (1)	Rank	Percentage of Total Biloxi/Gulfport Metro Area Employment
Keesler Air Force Base	11,276	1	14.36%	16,000	1	15.69%
Beau Rivage Casino & Resort	2,932	2	3.73%	3,600	2	3.53%
Biloxi Veterans Admin Hospital	1,605	3	2.04%	-	-	-
Imperial Palace Casino Resort Spa	1,499	4	1.91%	2,900	3	2.84%
Golden Nugget Casino	1,148	5	1.46%	1,200	5	1.18%
Hard Rock Hotel & Casino Biloxi	988	6	1.26%	-	-	-
Harrah's Casino Biloxi	720	7	0.92%	1,500	4	1.47%
Biloxi Regional Medical Center	750	8	0.96%	542	10	0.53%
Palace Casino Resort	711	9	0.91%	600	9	0.59%
Biloxi Public School District	670	10	0.85%	720	6	0.71%
Boomtown Biloxi Casino				700	7	0.69%
City of Biloxi				652	8	0.64%
Total	22,299			28,414		

(1) Source: Harrison County Development Commission.

(2) Source: U.S. Department of Labor; The U.S. Department of Labor combines the City with the Gulfport and other metropolitan areas and does not segregate by city.

Schedule 16
City of Biloxi, Mississippi
Full-Time Equivalent City Government
Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of September 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Management services	1	1	1	1	1	1	1	1	1	1
Finance	6	6	6	6	6	5	5	7	7	8
Planning	6	6	6	7	6	7	7	7	7	6
Building	13	13	14	13	14	16	17	15	13	11
Other	45	44	42	42	39	38	39	41	36	28
Police										
Officers	121	119	120	120	121	129	134	135	121	131
Civilians	51	51	51	51	52	44	47	46	41	44
Fire										
Firefighters and officers	161	155	161	161	163	168	177	175	174	163
Civilians	5	5	5	5	5	4	4	4	4	6
Other public works										
Engineering	12	12	12	12	12	12	12	12	12	13
Other	79	82	79	79	82	91	97	100	81	68
Parks and recreation	57	56	55	57	56	61	63	62	57	61
Water	29	26	21	21	22	25	28	31	31	18
Port	22	21	22	22	22	22	24	25	26	21
Total	608	597	595	597	601	623	655	661	611	579

Source: City of Biloxi Human Resources Section.

Schedule 17
City of Biloxi, Mississippi
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2015	2014	2013	2012
Police				
Physical arrests	7,411	7,537	6,931	7,587
Traffic & parking violations	13,448	11,659	10,851	14,853
Fire				
Emergency responses	6,479	6,327	7,356	7,332
Inspections	4,630	4,500	3,921	3,998
Water				
Average daily consumption (thousands of gallons)	5,813	5,212	5,689	5,627
Wastewater				
Average daily sewage treatment (thousands of gallons)	9,397	8,626	9,614	9,510

Sources: Various departments of City of Biloxi.

Fiscal Year

2011	2010	2009	2008	2007	2006
7,763	7,971	9,108	9,953	8,421	10,171
15,544	16,350	19,722	13,381	3,295	5,867
7,194	6,883	6,500	6,338	5,873	5,729
4,047	3,759	3,856	4,491	4,076	4,056
5,507	4,850	5,380	5,559	5,414	5,910
8,003	9,680	9,779	8,927	7,909	7,398

Schedule 18
City of Biloxi, Mississippi
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	Fiscal Year			
	2015	2014	2013	2012
Police				
Stations	1	1	1	1
Patrol units	126	126	125	124
Fire Stations	9	9	9	9
Other public works				
Streets (miles)	298	290	287	220
Traffic signals	65	64	64	40
Parks and recreation				
Acreage	258	258	258	258
Playgrounds	20	20	20	20
Ballfields	30	30	30	30
Community centers	5	5	5	5
Water				
Water mains	254	253	253	251
Fire hydrants	2,018	2,016	2,015	1,890
Storage capacity (thousands of gallons)	14,793	14,793	14,793	14,793
Wastewater				
Sanitary sewers	243	243	243	235
Treatment capacity (thousands of gallons)	23,700	23,700	23,700	21,582

Sources: Various departments of City of Biloxi.

Fiscal Year

2011	2010	2009	2008	2007	2006
1	1	1	1	1	1
123	128	135	144	144	135
9	9	9	9	9	9
220	220	220	217	217	215
40	40	40	40	40	40
258	258	258	258	258	258
20	20	20	20	20	20
30	30	30	30	30	30
5	5	2	2	2	2
251	251	234	234	234	234
1,890	1,890	1,820	1,786	1,729	1,729
14,793	14,793	14,793	14,793	14,793	14,793
235	235	235	235	235	235
21,582	21,582	21,582	21,582	21,582	21,582

Section IV
Compliance Section

Schedule of Expenditures of Federal Awards

City of Biloxi, Mississippi
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2015

Grantor Federal Agency / Pass-Through Agency / Program Title	CFDA Number	Pass-Through Grantor No.	Federal Expenditures
Department of Defense			
Mississippi Environmental Infrastructure (Section 592) - ARRA	12.124		<u>1,948,347</u>
Total			<u>1,948,347</u>
Department of Housing & Urban Development			
Community Planning & Development			
Community Development Block Grants/Entitlement Grants	14.218		<u>782,505</u>
Total			<u>782,505</u>
Department of the Interior			
Pass through Mississippi Department of Archives			
Historic Preservation Fund Grants-In-Aid	15.904		<u>7,000</u>
Total			<u>7,000</u>
Department of Justice			
Equitable Sharing Program	16.922		<u>564,973</u>
Total			<u>564,973</u>
Department of Transportation			
Pass through Mississippi Department of Transportation			
Highway Planning and Construction	20.205		<u>315,741</u>
Total			<u>315,741</u>
Department of Homeland Security			
Assistance to Firefighters Grant	97.044		24,750
Pass through MEMA			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1604	<u>67,935,571</u>
Total			<u>67,960,321</u>
Environmental Protection Agency			
Pass through MDEQ Water Pollution Control Revolving Loan Fund			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280756-06	<u>710,890</u>
Total			<u>710,890</u>
Total expenditures of federal awards			<u>\$ 72,289,777</u>

City of Biloxi, Mississippi
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2015

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the city of Biloxi, Mississippi under programs of the federal government for the year ended September 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of The City of Biloxi, Mississippi, it is not intended to and does not present the financial position, results of operations and cash flows of The City of Biloxi, Mississippi.

Note B – Summary of Significant Accounting Policies

1. General

The Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenditures when they are incurred. The expenditures are recognized following the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*.

2. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability to the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

3. Loan and Loan Guarantees

In accordance with OMB Circular A-133, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the City Council
City of Biloxi, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Biloxi, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Biloxi, Mississippi's basic financial statements, and have issued our report thereon dated June 23, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Biloxi, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Biloxi, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Biloxi, Mississippi's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. 2014-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Biloxi, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2014-1.

City of Biloxi, Mississippi's Response to Findings

City of Biloxi, Mississippi's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Biloxi, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Columbo, Harvey & Associates, P.A.

Gulfport, Mississippi
June 23, 2016

**Independent Auditors' Report on Compliance for Each
Major Program and on Internal Control over
Compliance Required by OMB Circular A-133**

To the City Council
City of Biloxi, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Biloxi, Mississippi's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Biloxi, Mississippi's major federal programs for the year ended September 30, 2015. City of Biloxi, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Biloxi, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Biloxi, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Biloxi, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Biloxi, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City of Biloxi, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Biloxi, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Biloxi, Mississippi's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Columbo, Harvey & Associates, P.A.

Gulfport, Mississippi
June 23, 2016

The City of Biloxi, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section 1 – Summary of Auditors’ Results

1. An unmodified opinion was issued on the general purpose financial statements.
2. There were no reportable conditions in internal control disclosed by the audit of the general purpose financial statements.
3. The audit did not disclose any noncompliance which is material to the general purpose financial statements.
4. The audit did not disclose any material weaknesses in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit did not disclose any audit findings that are required to be reported under Section __.510(a) of OMB Circular A-133.
7. The major programs were:

Disaster Grants – Public Assistance (Presidentially Declared Disasters) 97.036

8. The dollar threshold used to distinguish between Type A and Type B Programs was \$2,147,367.
9. The auditee did not qualify as a low-risk auditee.

Section 2 – Findings Relating to the Financial Statements

2014-1 Fixed Assets Management

Criteria: In accordance with the Mississippi Municipal Fixed Assets Management Manual, fixed assets should be maintained in a subsidiary ledger and updated when new fixed assets that meet capitalization thresholds are acquired or disposed of.

Condition: During our audit testing, we noted fixed assets were not promptly reconciled from the subsidiary ledger to the general ledger. Additionally, the fixed asset accountant was unable to reconcile the fixed assets.

Effect: Improperly accounting for fixed asset acquisitions or disposals can materially distort the subsidiary ledgers that are used to generate financial reports, thereby materially misstating the City’s financial statements. Failing to post acquisitions and disposals of fixed assets can also be in violation of guidance as prescribed by the Mississippi State Auditor’s Office.

Recommendation: We recommend that management and the fixed asset accountant

The City of Biloxi, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

adhere to the guidelines set forth in the Mississippi Municipal Fixed Assets Management Manual and timely update the fixed assets subsidiary ledgers for acquisitions and disposals of fixed assets. Additionally, the competency of staff in the fixed assets department should be assessed.

Section 3 – Findings and Questioned Costs Relating to Major Federal Awards

None.

The City of Biloxi, Mississippi
Schedule of Prior Audit Findings
For the Year Ended September 30, 2014

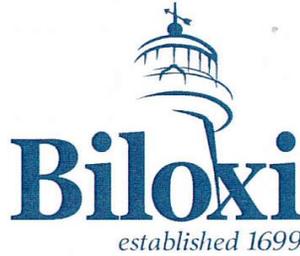
There were no prior audit findings relative to federal awards.

Mayor

Andrew "FoFo" Gilich

City Council

George Lawrence, Ward 1
Felix O. Gines, Ward 2
Dixie Newman, Ward 3
Robert L. Deming III, Ward 4
Paul A. Tisdale, Ward 5
Kenny Glavan, Ward 6
David Fayard, Ward 7



140 Lameuse Street
P. O. Box 429
Biloxi, Mississippi 39533
www.biloxi.ms.us

June 23, 2016

Culumber, Harvey and Associates, P.A.
2300 Twentieth Street
Gulfport, MS 39501

The City of Biloxi respectfully submits the following corrective action plan for the year ended September 30, 2015.

The findings from the Schedule of Findings and questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1 - Summary of Auditor's Results does not include findings and is not addressed.

Section 2 – Findings Relating to the Financial Statements

2014-1 Corrective Action Plan

The City will transfer the fixed assets responsibility to a more qualified staff. Additional and more qualified staff has been hired to improve the capabilities of the entire accounting department. The City will promptly reconcile the fixed assets subsidiary ledger to the general ledger. Submission of the reconciliation to the division head will be set to insure compliance.

Anticipated Completion Date:

June 23, 2016

Name of Contact Person Responsible for Corrective Action:

Scott McElroy, (228) 435-6230