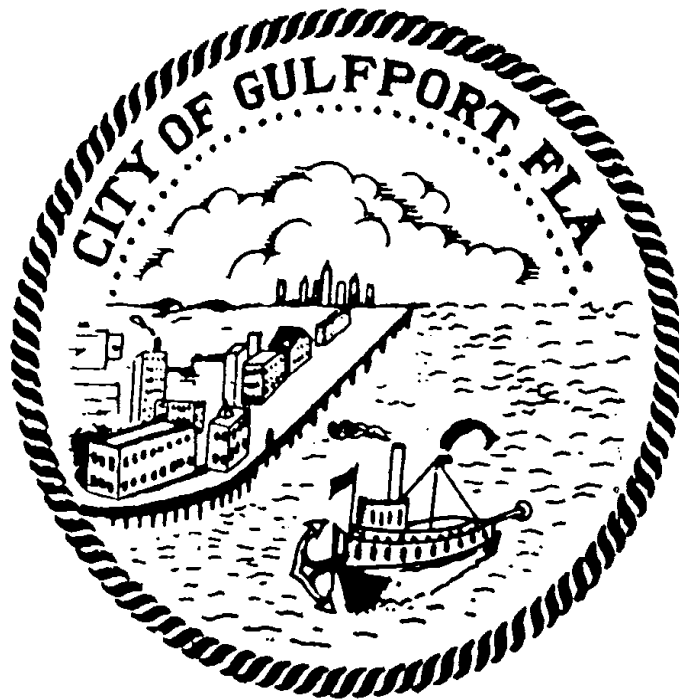


*City of Gulfport
Florida*



*2019
Comprehensive
Annual Financial Report*

Fiscal Year Ended September 30, 2019

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Comprehensive Annual Financial Report
of the
City of Gulfport, Florida
for the
Fiscal Year Ended September 30, 2019

Samuel Henderson, Mayor
Christine Brown, Council Member
April Thanos, Council Member
Paul Ray, Council Member
Michael Fridovich, Vice Mayor



City Manager
James E. O'Reilly

City Clerk
Lesley DeMuth

Finance Director
Cheryl Hannafin, CPA

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CITY OF GULFPORT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Year Ended September 30, 2019

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Introductory Section

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CITY OF GULFPORT, FLORIDA

Gateway to the Gulf

SAMUEL HENDERSON, Mayor

APRIL THANOS, Councilmember, Ward 1
CHRISTINE BROWN, Councilmember, Ward 2

PAUL RAY, Councilmember, Ward 3
MICHAEL FRIDOVICH, Councilmember, Ward 4

April 30, 2020

Honorable Mayor, City Council Members and
Citizens of the City of Gulfport, Florida

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Gulfport, Florida (the "City") for the fiscal year ended September 30, 2019. In addition to meeting legal requirements of the City Charter, Florida Statutes and the Rules of the Auditor General of the State of Florida, the report continues to present the City's tradition of full financial disclosure. This report represents the City's financial position and operations to the citizens, City Council, management personnel of the City, rating agencies and other interested parties.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City. All disclosures necessary to properly interpret the data presented, and to enable the reader to gain an understanding of the City's financial activities have been included.

To maintain a reasonable basis for making these representations, management maintains an internal control structure that provides reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's accounting policies. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires management's estimates and judgments. All internal control evaluations occur within this framework. The City's internal accounting controls are believed to adequately safeguard assets and provide reasonable assurance of properly recording financial transactions.

Pursuant to the City Charter, Florida Statutes, Chapters 11.45 and 218, and Chapter 10.550 of the Rules of the Auditor General of the State of Florida, an audit of the accounts and financial statements of the City of Gulfport have been completed by the City's independent certified public accountants, Carr, Riggs & Ingram, LLC, whose opinion is included as the first component of the financial section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved 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.

The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2019 are fairly presented in conformity with accounting principles generally accepted in the United States.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Gulfport was incorporated in 1910. The name change to the City of Gulfport occurred in 1951 when the population of the Town exceeded 2,500. The City currently has a population of 12,623 and is approximately 2.8 square miles in area. The City is located in Pinellas County and is bordered on the north and east by the City of St. Petersburg. To the south is Boca Ciega Bay. The western side of the City is bordered by an area of unincorporated Pinellas County that is subsequently bordered by the City of South Pasadena.

The City is a full service city and provides traditional services, including police and fire protection as well as EMS; maintenance of parks, streets and other infrastructure; water, sewer, stormwater and sanitation services; a senior center as well as a recreation center; marina and cultural facility centers. The City also provides a transportation program for elderly and handicapped residents. The City purchases potable water from the City of St. Petersburg and contracts with them for wastewater treatment. Pinellas County provides solid waste disposal and the jail/court systems.

The annual budget serves as the foundation for the City's financial planning and control. Department directors are required to submit their budget requests to the City Manager, who then uses these requests as the starting point for developing the proposed annual budget. The City Manager is required by the City Charter to present the proposed budget to the City Council by July 15. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may transfer any unencumbered appropriation or portion thereof between classifications of expenditures within a department. The City Council may, by required legislation, make additional appropriations or transfer unencumbered appropriations from one department to another department or fund. Budget to actual comparisons are provided in the annual budget for each individual governmental and enterprise fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

Gulfport, like many other local governments, primarily relies on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, occupational licenses, etc.) to fund governmental activities. Values in taxable real estate this year reported assessed valuations slightly higher of the valuation we experienced at the peak of the market in FY 2008. After the downturn in FY 2009 a steady decline followed for four years, and a stable trend began in FY 2013. The assessed value has risen to just over 1 billion in FY 2019. Ad valorem collections mirrored taxable values. The following table illustrates the taxable real estate values and ad valorem property tax revenues over the past twelve fiscal years.

Fiscal Year	Taxable Assessed Value	Millage Rate	Ad Valorem Revenues
2008	\$ 1,005,346,275	3.349	\$ 3,256,529
2009	\$ 890,284,920	3.474	\$ 3,009,208
2010	\$ 798,568,343	3.474	\$ 2,699,875
2011	\$ 718,451,015	3.474	\$ 2,425,538
2012	\$ 657,170,333	4.000	\$ 2,567,103
2013	\$ 655,254,633	4.039	\$ 2,533,016
2014	\$ 697,757,967	4.039	\$ 2,558,772
2015	\$ 747,993,645	4.039	\$ 2,736,118
2016	\$ 805,160,338	4.039	\$ 2,921,083
2017	\$ 866,601,094	4.039	\$ 3,169,050
2018	\$ 937,535,904	4.039	\$ 3,394,919
2019	\$ 1,022,089,529	4.039	\$ 3,658,974

The economic base of the City is primarily residential with limited commercial areas accounting for approximately 9.3% of the City's assessed valuation. The City's housing stock is diverse with many older historic homes. Gulfport has limited potential for expansion, and redevelopment continues to be the most viable alternative for economic improvements.

Building permits are considered a leading economic indicator for the City. The increase in permit activity has risen dramatically over the last few years. The number of permits issued in 2019 shows an increase of 7.7% from permits issued in 2018.

The Gulfport Municipal Marina which is nestled in lower Pinellas County on Boca Ciega Bay Aquatic Preserve is an informative source for evaluating the economic condition. The Marina has become a major destination for cruisers passing through the West Coast of Florida. One of the reasons is that Pinellas County has thriving marine oriented businesses in which cruisers can stop for repairs or upgrade equipment before they leave the State or the Country. Pinellas marine businesses include factory mechanics, sail and rigging makers, haul out facilities and nationally recognize marine retail stores.

The Marina is located twenty (20) miles from Tampa International Airport and approximately ten (10) miles to St. Petersburg Clearwater International Airport. This year the City recognized a decrease of 2.7% from transient slip rental revenue, and 1.8% from fuel sales.

Tourism plays a crucial role in the financial condition of the City, particularly when discussing sales tax. The Penny for Pinellas tax is a one percent sales tax paid by everyone who spends money in Pinellas County. It was first approved by voters in 1989 and went into effect in February 1990. The tax supports capital improvement projects in critical areas for the City. Without this revenue source the City would need to rely more heavily on other funding sources such as property taxes to fund necessary projects. This year the Penny generated revenue of \$1,417,298, a 5.5% increase over the prior year. The Penny was renewed by voters on November 7, 2017. This ten-year renewal will run from 2020 – 2030.

The City continues to adapt to changing economic times in our community, state and nation. As the economy recovers, the expectations for level of service rises. It is paramount that the City continually address the sustained financial impact of providing such a high level of services moving forward.

Relevant financial policies.

By policy, the City must maintain a minimum fund balance in the General Fund in an amount equal to sixteen (16) percent of the City’s General Fund original budgeted expenditures for the respective fiscal year. The City continues to exceed the minimum Fund Balance, ensuring financial stability and recognizing the potential for natural disasters with the City being located at the gateway to the Gulf of Mexico. For the FY 2019 year end, the fund balance was \$3,461,533 while unassigned fund balance was \$3,310,366. The available unassigned fund balance was sufficient to cover this minimum requirement for FY 2019.

The City will continue to face the challenge of maintaining in each fund an adequate fund balance level to accommodate unanticipated expenditures, unanticipated revenue declines, and cash flow needs.

As in years past, in order to maintain the City’s traditional high levels of service during the economic downturn, the usage of payment in lieu of taxes (PILOT) transfers from the City’s Enterprise Funds to the General Fund have been made to assist in mitigating revenue shortfalls. For FY 2019, a total of \$600,720 in PILOT transfers were approved in the budget and transferred from the Enterprise Funds.

The following chart illustrates the amount by fund of PILOT transfers to the General Fund over the past nine (9) fiscal years.

	<u>Sanitation</u>	<u>Water & Sewer</u>	<u>Marina</u>
FY11	127,727	539,463	454,953
FY12	350,000	546,715	375,000
FY13	467,000	325,000	300,000
FY14	304,353	349,711	471,770
FY15	219,719	60,000	98,170
FY16	-	60,000	275,000
FY17	-	-	300,000
FY18	108,000	-	494,000
FY19	121,888	378,856	99,976

Currently, some of the methods for accomplishing operating and capital improvement requirements are largely due to success in receiving intergovernmental grant funding. The City will continue to aggressively pursue available grant funding.

Long term financial planning efforts for the City will continue to involve discussion surrounding the City's ability to generate sufficient revenue sources to meet projected needs. Both taxes & fees will be reviewed annually along with service delivery models to determine the best approach to meeting the service needs of residents.

The abatement of groundwater infiltration in sewer lines throughout the City is a high priority currently and going forward. Significant resources will be necessary for repair and replacement of water and sewer lines throughout the City's aging utility system. The City entered into an agreement with the Florida Department of Environmental Protection for a loan to fund planning and construction costs involved in major sewer system rehabilitation improvements. Further details involving the loan can be found within note 7 of the attached Comprehensive Annual Financial Report (CAFR).

The City participates in three single-employer defined benefit pension plans and accounts for net pension liability, deferred elements, and pension expense as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Further details involving the City's defined benefit pension plans can be found within note 8 of the attached Comprehensive Annual Financial Report (CAFR).

Awards and Acknowledgements


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gulfport, Florida for its comprehensive annual report for the fiscal year ended September 30, 2018. This was the thirty sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both GAAP and applicable legal requirements.

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

Awards and Acknowledgements – Continued

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Gulfport's finances.

Respectfully submitted,



James E. O'Reilly
City Manager



Cheryl Hannafin, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Gulfport
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

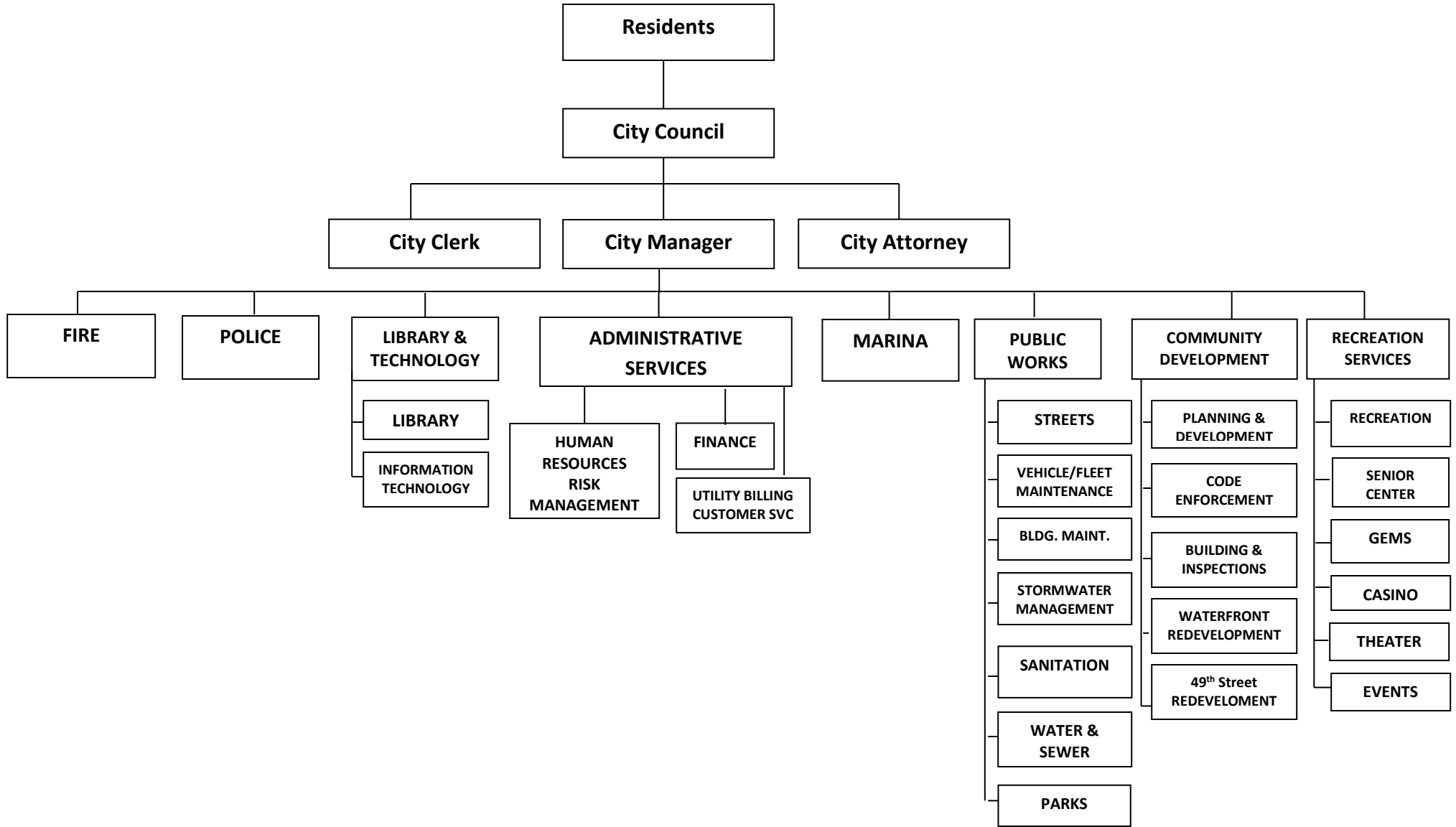
September 30, 2018

Christopher P. Morrill

Executive Director/CEO

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Fiscal Year 2018 - City of Gulfport Organizational Chart



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Financial Section

This section contains the following subsections:

Report of Independent Certified Public Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Gulfport, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Gulfport, Florida'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.

Auditors' 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 the *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 auditors' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gulfport, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements.

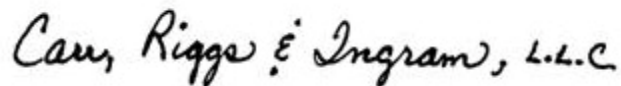
The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial 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

and schedules and the schedule of expenditures of state financial assistance 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 April 30, 2020, on our consideration of the City of Gulfport, Florida'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Gulfport, Florida's 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 Gulfport, Florida's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Carr, Riggs & Ingram, L.L.C."

CARR, RIGGS & INGRAM, LLC
Tampa, Florida
April 30, 2020

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CITY OF GULFPORT, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Gulfport's (City) Comprehensive Annual Financial Report (CAFR) was prepared in accordance with generally accepted accounting principles (GAAP) applicable to government entities. This Management's Discussion and Analysis report (MD&A) is required supplementary information (RSI) in accordance with GAAP and presents an overview of financial information included in the CAFR. The City's discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the subsequent year challenges), (d) identify any material deviations from the financial plan (the adopted budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter and the City's financial statements listed in the table of contents.

Financial Condition Overview

The following key financial metrics indicate that the City remains in sound financial condition:

- *Operating results* reflect the degree to which budgets met expectations. Both actual revenues and actual expenditures were within reasonable proximity of budgeted amounts for FY 2019.
- *Liquidity* reflects the City's ability to pay current liabilities with current assets. The City maintained sufficient, prudent liquidity levels throughout FY 2019 and at year end.
- *Fund balance* reflects the provision of financial resources for future needs and contingencies. The City's unassigned fund balances provided reasonable and sufficient working capital for operations and security for contingencies throughout FY 2019 and at year end.
- *Debt levels and debt payments* reflect the impacts of the City's borrowing decisions. Throughout fiscal FY 2019 the City continued to borrow against the low interest agreement for planning & construction costs involved in the major repair and replacement of water and sanitary sewer lines throughout the City's aging utility system.

Normal Impacts

There are nine basic (normal) impacts on revenues and expenses, as reflected below.

Revenues

Economic Condition – Which can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, gas and other tax revenue, as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Council Approved Rates – While statutes set certain tax rates, the City Council has significant authority to impose and periodically increase/decrease rates (sanitation, recycling, water, wastewater, stormwater, permitting, recreation user fees, marina slip rental, and facility rental fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – Certain recurring revenues (state revenue sharing, block grants, etc.) may experience significant changes periodically, while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

Contribution from the Water and Sewer Fund – The City owns and operates the Water & Sewer utility system and provides administrative and support services for the utility. In return, the City receives payments from the utility. Therefore, the ongoing competitiveness and vitality of the utility is important to the City's well-being.

Market Impacts on Investment Income – Due to varying maturities on the City's investments and the varying nature of the market in general, City investment income may fluctuate from year to year.

Expenses

Introduction of New Programs – Within the functional expense categories (General Government, Public Safety, Public Works, Recreation, and Redevelopment, etc.), individual programs may be added or deleted to meet changing community needs.

Increase/Decrease in Authorized Personnel – Changes in service demand may cause the Council to increase/decrease authorized staffing. Historically staffing costs (salary and related benefits) represent a significant portion of the City's total expenses.

Salary Increases (cost of living, merit and market adjustment) – The ability to attract and retain qualified personnel requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – While overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities, such as chemicals and supplies, fuel and parts. Some functions may experience unusual commodity-specific increases (for example, fuel prices).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2019 by \$31,669,092 (net position). Of this amount, \$4,672,614 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental fund revenues increased by \$823,385 or 6.1% when compared to fiscal year 2018. Governmental fund expenditures increased by \$1,084,322 or 7.9% during this same period.
- Operating revenues of the City's enterprise funds increased by \$83,830 and operating expenses increased \$1,500,152 when compared to last year.
- Notes from Direct Borrowings increased by \$1,968,227 or 65.1% when compared to fiscal year 2018.
- On September 4, 2017 the governor declared a state of emergency in all 67 counties within the State of Florida in response to Hurricane Irma. Expenses related to the storm recovery spanned FY17 and FY18. The City recognized revenue from the Division of Emergency Management across all funds in the amount of \$490,353 in FY19.
- The City recognized revenue in the amount of \$232,980 from the Community Development Block Grant to provide funding for Tangerine Parkway – Trolley Market Square Improvement Project.
- The Gulfport Public Library was nominated and won the Institute of Museum and Library Services 2019 National Medal for Museum and Library Service, the nation's highest honor given to libraries and museums that make significant and exceptional contributions to their communities.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

Financial Highlights - *Continued*

- The City's long term interlocal agreement with the City of St. Petersburg to provide wholesale water and waste water services expired after an initial (30) year term on October 5, 2018. Upon expiration the City became exposed to an allowable surcharge of 25% on wholesale costs, which was imposed with the new agreement that was entered into for a period of ten (10) years effective October 6, 2018.
- On June 24, 2019 City Council approved Resolution No. 2019-32 authorizing the Mayor and appropriate Legal Counsel to finalize and execute a Settlement Agreement in accordance with the Proposed Stipulated Order of Dismissal and Court's Retention of Jurisdiction; Case No.8:17-CV-00035-SCB-AEP – Suncoast Waterkeeper, Our Children's Earth Foundation, and Ecological Rights Foundation, v. City of Gulfport.
- Water, Sewer, and Sanitation Rates remained unchanged from FY18 to FY19, Stormwater rates increased 25% which amounts to a (\$1) one dollar per month increase in the Stormwater fee.
- Collective bargaining agreements with public safety, both Police and Fire, were renewed effective October 1, 2018 through September 30, 2021. The salary levels within the step plan were evaluated and renegotiated in the new contract.
- The monthly benefit being received by all retirees, joint pensioners or beneficiaries of the City's Police Pension plan received a Cost-of- Living Adjustment in the amount of 3% as a one-time increase effective October 1, 2018.
- The City's total required pension contribution increased overall when expressed as a percentage of total annual payroll. Due to a net unfavorable actuarial experience, the City's contribution for the General Employees' Pension Plan increased from 5.0% to 5.4%, the Municipal Police Officers' Trust Fund increased from 13.5% to 15.1%, and the Firefighters' Retirement Pension Fund increased from 11.5% to 11.6%.
- The Gulfport Historical Museum sustained damage from a fire to the front porch, floor, and railings. The structure required repair to restore its historic stature and architecture in the amount of \$135,872 of which \$126,850 was expended in FY19. Insurance proceeds were collected to offset expenditures in the amount of \$118,263 of which \$109,241 was collected in FY19.
- Staffing levels reflected a City-wide increase of 3.5 full time equivalent positions. There were positions added in Parks, Police and the Fire Department.
- A new contract was negotiated effective July 1, 2018 with the School Board of Pinellas County and includes an increase in funding from the prior year of an additional \$88,356. The new contract provides two full time officers to serve at Boca Ciega High School and one officer to serve at Gulfport Elementary School to provide law enforcement and related services for the School Resource Officer Program.
- The City continued to increase designated fund balance accounts assigned to Williams Pier in the amount of \$10,000, Beach Re-nourishment in the amount of \$20,000 and Solar Upgrades in the amount of \$20,000.
- On July 16, 2019 City Council moved to approve and authorize Resolution 2019-34 updating the City's Fund Balance Policy effectively changing the required amount to maintain in unassigned General Fund balance as reported within the Governmental Fund Financial Statement from 25% to 16% of the City's General Fund original budgeted expenditures for the respective fiscal year.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

Overview of the Financial Statements

The Financial Statements focus are on both the City as a whole (government-wide) and on the major individual and governmental funds as a whole. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add up to a total for the Primary Government. The focus of the Statement of Net Position is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement combines and consolidates the government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, component units and business-type), which are supported by charges for services, operating and capital grants, and by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of and/or subsidy to various governmental services and business-type activities.

The governmental activities reflect the City's basic services, including general government, police, fire, protective inspections, public services, library and recreation. Property taxes, utility service taxes, gas taxes and sales taxes, along with the City's utilities contribution, finance the majority of these services. The business-type activities reflect private sector-type operations (sanitation, water & wastewater, recycling, stormwater, and the marina), where the fees for service typically cover all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentations more familiar with the focus now on major funds of the City. The governmental funds statements are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses, and/or budgeting compliance associated therewith.

The fund financial statements also allow the government to address its fiduciary funds by type (pension trust funds). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

While the business-type activities – enterprise funds statements are essentially the same as the business-type activities column on the government-wide financial statement, the governmental funds total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources), which is reflected on the page following each statement. The flow of current financial resources reflect interfund transfers and other financial sources, as well as capital and debt service expenditures. The reconciliations eliminate these transactions and incorporate the capital asset and long-term obligations into the governmental activities column in the government-wide financial statements.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceed liabilities and deferred inflows by \$31,669,092 (net position).

A large portion of the City's net position (82.3%) reflects its investment in capital assets (e.g., land, land improvements, buildings and equipment) net of any related debt. The City uses these capital assets to provide services to citizens and, consequently, these assets are not available for future spending.

A small portion of the City's net position (2.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$4,672,614 may be used to meet the government's ongoing obligations to citizens and creditors.

Deferred outflows and inflows of resources represent amounts that will increase or decrease net position in future periods as they are amortized.

The following table reflects the condensed Statement of Net Position for the current year as compared to the previous year.

STATEMENT OF NET POSITION

As of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,880,247	\$ 6,310,431	\$ 4,640,421	\$ 4,598,835	\$ 10,520,668	\$ 10,909,266
Capital Assets (Net)	15,250,673	14,969,676	16,483,299	15,409,498	31,733,972	30,379,174
Total Assets	<u>21,130,920</u>	<u>21,280,107</u>	<u>21,123,720</u>	<u>20,008,333</u>	<u>42,254,640</u>	<u>41,288,440</u>
Deferred Outflows of Resources	<u>543,534</u>	<u>510,752</u>	<u>156,349</u>	<u>172,590</u>	<u>699,883</u>	<u>683,342</u>
Current and other liabilities	490,056	503,283	1,291,932	782,309	1,781,988	1,285,592
Long-term Liabilities	<u>3,546,911</u>	<u>3,489,950</u>	<u>5,188,950</u>	<u>3,255,000</u>	<u>8,735,861</u>	<u>6,744,950</u>
Total Liabilities	<u>4,036,967</u>	<u>3,993,233</u>	<u>6,480,882</u>	<u>4,037,309</u>	<u>10,517,849</u>	<u>8,030,542</u>
Deferred Inflows of Resources	<u>686,300</u>	<u>783,653</u>	<u>81,282</u>	<u>207,606</u>	<u>767,582</u>	<u>991,259</u>
Net Position:						
Net Investment in Capital Assets	14,756,463	14,442,054	11,314,206	12,347,115	26,070,669	26,789,169
Restricted	659,357	508,014	266,452	188,366	925,809	696,380
Unrestricted	<u>1,535,367</u>	<u>2,063,905</u>	<u>3,137,247</u>	<u>3,400,527</u>	<u>4,672,614</u>	<u>5,464,432</u>
Total Net Position	<u>\$ 16,951,187</u>	<u>\$ 17,013,973</u>	<u>\$ 14,717,905</u>	<u>\$ 15,936,008</u>	<u>\$ 31,669,092</u>	<u>\$ 32,949,981</u>

Total capital assets increased by \$1,354,798 mainly as a result of current year acquisition of assets being greater than current year depreciation expense. This increase is in large part a result of infrastructure improvements discussed in further detail in the capital assets discussion.

Total long-term liabilities increased by \$1,990,911. Most notably the Florida Department of Environmental Protection State Revolving Loan reported a net increase of \$1,968,227 as a result of the City continuing the construction phase of major sewer system rehabilitation improvements. Capital leases within business-type activities increased by \$645,766 and are discussed in further detail in the long-term debt discussion.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS - Continued

Statement of Net Position - Continued

As of September 30, 2019, the City is able to report positive balances in total net position for the City as a whole. The same situation held true for the previous fiscal year.

The City's overall financial position has deteriorated from the prior year, which is a decrease of \$1,280,889 compared to the previous year, a decrease of \$1,218,103 relates to the business-type activities and a decrease of \$62,786 relates to the governmental activities. Additional details of these variances can be found below in the *Current Year Impacts* and *Financial Analysis of the City's Funds*.

Changes in Net Position

The following schedule reflects the changes in net position for governmental and business-type activities

STATEMENT OF ACTIVITIES						
For the Year Ended September 30						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for Services	\$ 4,075,681	\$ 4,112,033	\$ 10,721,626	\$ 10,637,796	\$ 14,797,307	\$ 14,749,829
Operating Grants and Contributions	478,786	381,472	335,286	9,075	814,072	390,547
Capital Grants and Contributions	305,480	137,347	10,890	225,627	316,370	362,974
General Revenues:						
Property Taxes	3,851,635	3,563,112	-	-	3,851,635	3,563,112
Utility Taxes and Franchise	2,513,762	2,372,732	-	-	2,513,762	2,372,732
Sales, Use, and Other Taxes	2,917,214	2,808,438	-	-	2,917,214	2,808,438
Investment Income	62,257	52,561	556	409	62,813	52,970
Other	230,185	176,961	33,600	65,500	263,785	242,461
Total Revenues	<u>14,435,000</u>	<u>13,604,656</u>	<u>11,101,958</u>	<u>10,938,407</u>	<u>25,536,958</u>	<u>24,543,063</u>
EXPENSES						
General Government	1,866,570	1,566,692	-	-	1,866,570	1,566,692
Public Safety	6,030,952	5,744,614	-	-	6,030,952	5,744,614
Recreation	3,613,830	3,434,025	-	-	3,613,830	3,434,025
Community Development / Redevelopment	1,062,812	811,698	-	-	1,062,812	811,698
Public Works	1,767,192	1,836,660	-	-	1,767,192	1,836,660
Interest on Long Term Debt	18,150	13,012	-	-	18,150	13,012
Sanitation	-	-	2,214,934	2,473,830	2,214,934	2,473,830
Water and Sewer	-	-	8,236,720	5,824,820	8,236,720	5,824,820
Marina	-	-	2,006,687	1,964,488	2,006,687	1,964,488
Total Expenses	<u>14,359,506</u>	<u>13,406,701</u>	<u>12,458,341</u>	<u>10,263,138</u>	<u>26,817,847</u>	<u>23,669,839</u>
Excess (Deficiency) Before Transfers	75,494	197,955	(1,356,383)	675,269	(1,280,889)	873,224
Transfers	(138,280)	222,000	138,280	(222,000)	-	-
Change in Net Position	<u>(62,786)</u>	<u>419,955</u>	<u>(1,218,103)</u>	<u>453,269</u>	<u>(1,280,889)</u>	<u>873,224</u>
Net Position - Beginning, as Previously Reported	17,013,973	16,758,126	15,936,008	15,510,609	32,949,981	32,268,735
Prior Period Adjustment	-	(164,108)	-	(27,870)	-	(191,978)
Net Position - Beginning, Restated	<u>17,013,973</u>	<u>16,594,018</u>	<u>15,936,008</u>	<u>15,482,739</u>	<u>32,949,981</u>	<u>32,076,757</u>
Net Position - Ending	<u>\$ 16,951,187</u>	<u>\$ 17,013,973</u>	<u>\$ 14,717,905</u>	<u>\$ 15,936,008</u>	<u>\$ 31,669,092</u>	<u>\$ 32,949,981</u>

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

GOVERNMENT-WIDE FINANCIAL STATEMENTS - *Continued*

Current Year Impacts

Governmental activities program revenues increased by \$229,095, of which the contributing factors include an increase in the contract with Pinellas County to provide School Resource Officers, revenue from the Division of Emergency Management as a result of Hurricane Irma, as well as revenue from the Florida Department of Environmental Protection for the Skateboard Park Project.

General revenues increased by \$601,249 in FY 2019 most significantly due to additional ad valorem proceeds based on an increase to the taxable value of real and personal property. Additional details can be found later in the discussion of the financial analysis of the individual governmental funds.

Revenues generated from charges for services for business-type activities increased by \$83,830 over the previous fiscal year while operating expenses increased by \$1,500,152 combined with other contribution revenues the result was a decrease in net position of \$1,218,103. The increase in operating expenses was mostly attributed to a rise in wholesale water and waste water costs that occurred upon the expiration of the City's long term interlocal agreement with the City of St. Petersburg. Additional details can be found later in the discussion of the financial analysis of the individual enterprise funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the year-end September 30, 2019, the governmental funds reported a combined fund balance of \$4.40 million, which is a 6.0% decrease when compared to the previous year combined fund balance of \$4.68 million. As of fiscal year-end, the expenditures exceeded the revenues by \$386,207, before transfers and other sources, in all governmental funds combined. This is largely due to the General Fund including transfers as a revenue source to issue a balanced budget, and therefore was expected to have a deficit before transfers.

In accordance with GAAP, the City's fund balances are allocated as follows: non-spendable for prepaid items and inventories of \$58,345, restricted for various purposes \$597,397, assigned for various purposes \$436,974, and unassigned of \$3,310,366.

The General Fund is the chief operating fund of the City. The General Fund had a total fund balance of \$3,461,533 at year end 2019, of which \$3,310,366 is unassigned, available for unforeseen emergencies and is considered necessary for the City. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.1% of the total general fund expenditures, while total fund balance represents 27.3% of that same amount.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - *Continued*

Governmental Funds - *Continued*

The General Fund completed the fiscal year with a decrease to fund balance of \$337,801 after transfers. The largest component of the decrease is a result of a litigation settlement agreement. On June 24, 2019 City Council approved Resolution No. 2019-32 authorizing a Settlement Agreement in accordance with the Proposed Stipulated Order of Dismissal and Court's Retention of Jurisdiction; Case No.8:17-CV-00035-SCB-AEP – Suncoast Waterkeeper, Our Children's Earth Foundation, and Ecological Rights Foundation, v. City of Gulfport. The agreement obligated the City to make settlement payments in the amount of \$674,000, which were authorized to be transferred from the Unassigned General Fund Balance to the Water and Sewer Fund to support the payment. Additional detailed information on the City's commitments may be found in the notes to the financial statements, Note 12.

The most notable increases to revenue in the General Fund include \$182,176 received from the Division of Emergency Management for reimbursement of expenditures related to Hurricane Irma; an increase in ad valorem proceeds from the prior year of \$288,523 based on an increase to the taxable value of real and personal property of 8.25%; an increase of \$74,219 from infrastructure tax (Penny for Pinellas); and an increase of \$90,303 from public services taxes such as electricity, water, and communication service tax.

General Fund expenditures before transfers increased by \$643,904 over the prior fiscal year. The increase is significantly comprised of additional staffing levels of 3.5 full time equivalent positions in the General Fund. Positions were added in the Parks, Police and Fire Department.

Collective bargaining agreements with public safety, both Police and Fire, were renewed effective October 1, 2018 through September 30, 2021. The salary levels within the step plan were evaluated and renegotiated in the new contract and contributed to the increase as well. Additionally, a 3.5% cost of living increase on all general City personnel wages was implemented. Health insurance rates rose by 8%, and the increase in the cost of overall insurance coverage for property, workers compensation, general liability, automotive liability, and public official liability amounts increased 6.72% in total.

Notable changes that resulted in an increase to both revenue and expenditures in the FY19 General Fund operations include the following:

The School Board of Pinellas County contracts with the City of Gulfport to provide law enforcement and related services for the School Resource Officer Program. A new contract was negotiated effective July 1, 2018 and includes an increase in funding from the prior year of an additional \$88,356. The new contract provides two full time officers to serve at Boca Ciega High School and one officer to serve at Gulfport Elementary School.

The Gulfport Historical Museum sustained damage from a fire to the front porch, floor, and railings. The structure required repair to restore its historic stature and architecture in the amount of \$135,872 of which \$126,850 was expended in FY19. Insurance proceeds were collected to offset expenditures in the amount of \$118,263 of which \$109,241 was collected in FY19.

The Capital Projects Fund is used to account for the proceeds and use of the local government infrastructure sales surtax of 1% or Penny for Pinellas for capital projects within the County. The Capital Projects Fund finished the fiscal year with a net increase to fund balance of \$34,291. Appropriated surplus was budgeted in the amount of \$355,709, however the Emergency Generator Project as well as the Linear Breakwater Park Project were postponed which allowed for the slight increase in fund balance.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - *Continued*

Enterprise Funds

The City's enterprise funds include the City's Sanitation, Water and Sewer Fund, and Marina Fund. Total net position for the enterprise funds decreased by \$1,218,103 from the prior year. Each of the Enterprise Funds are considered major funds, and therefore are to be reviewed and analyzed as a separate and distinct business, thus the following commentary focuses on each fund.

The Sanitation Fund is used to account for the operations of the City's solid waste utility. The Sanitation Fund had an increase in net position of \$331,999 compared to a decrease of \$177,435 in the prior year. The most significant component of the increase to net position in the current year is that the City recognized revenue in the Sanitation Fund from the Division of Emergency Management in the amount of \$293,722 as a result of recuperating contractual debris removal costs from damage caused by Hurricane Irma. The expenses related to the storm spanned FY17 and FY18 and explain the prior year decrease.

In fiscal year 2019 refuse collection and recycling rates remained consistent, however there was an increase in tipping fees of 5.77%.

The Water and Sewer Fund is used to account for the operations of the City's water, sewer and stormwater utility. The Water and Sewer Fund had a decrease in net position of \$1,658,412 as compared to an increase of \$284,225 in the prior year.

The sharp increase in expenses in the Water and Sewer Fund is a direct result of the City's long term interlocal agreement with the City of St. Petersburg to provide wholesale water and waste water services expired after an initial (30) year term on October 5, 2018. Upon expiration the City became exposed to an allowable surcharge of 25% on wholesale costs, which was imposed with the new agreement that was entered into for a period of ten (10) years effective October 6, 2018. In addition to the enactment of the 25% surcharge, the City of St Petersburg also increased wholesale rates as a result of their annual rate study of 4.28% and 21.28% for wholesale water and wholesale wastewater rates respectively.

The Marina Fund is used to account for the operations of the City's Municipal Marina. The Marina Fund had an increase in net position of \$108,310 compared to the prior year increase of \$346,479. Slip rental revenue decreased from \$931,491 in FY18 to \$882,123 in FY19 due to a boat lift installation project that required temporarily holding slips vacant in order to install the new boat lifts. In addition, the prior year revenue included \$100,000 from Pinellas County to fund a portion of construction for the Gulfport Municipal Mooring Field, and \$107,807 from Florida Department of Environmental Protection (FDEP) to purchase a pump out vessel.

**CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued***

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - *Continued*

BUDGETARY HIGHLIGHTS – GENERAL FUND

The General Fund final budget in total increased by \$914,072 from the original budget. The largest component of the change is a budget amendment to approve transfer from the General Fund Balance in the amount of \$674,000 to fund the Clean Water Act Litigation Settlement. Other amendments include insurance proceeds, sale of surplus equipment, grants, and use of appropriated surplus.

Final budgeted expenditures, including transfers out, for the General Fund increased by \$1,444,909 over the prior fiscal year final budget. After accounting for the Clean Water Act Litigation Settlement, the increase is reduced to \$770,909. Much of this growth is comprised of an increase in staffing levels of 3.5 full time equivalent positions in the General Fund. Positions were added in the Parks, Police and Fire Department. Additional details can be found earlier in the discussion of the financial analysis of the individual governmental funds.

Actual fiscal year 2019 net change in fund balance, including transfers, for the General Fund were less than the final budgeted net change in fund balance by \$545,368 due to reduced personnel and benefit costs as a result of vacant positions in several departments throughout the year under the City Manager's direction to manage personnel and employee costs where possible.

**GENERAL FUND
For the Year Ended September 30, 2019**

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,665,258	\$ 1,717,232	\$ 51,974
Public Safety	5,382,549	5,532,002	149,453
Recreation	3,346,970	3,522,195	175,225
Community Development /			
Redevelopment	795,552	807,362	11,810
Public Works	1,759,671	1,611,280	(148,391)
Transfers Out	20,000	694,000	674,000
	<u>\$ 12,970,000</u>	<u>\$ 13,884,071</u>	<u>\$ 914,071</u>

Expenditures	<u>Actual</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,610,341	\$ 1,717,232	\$ (106,891)
Public Safety	5,492,571	5,532,002	(39,431)
Recreation	3,259,101	3,522,195	(263,094)
Community Development /			
Redevelopment	740,896	807,362	(66,466)
Public Works	1,561,794	1,611,280	(49,486)
Transfers Out	674,000	694,000	(20,000)
	<u>\$ 13,338,703</u>	<u>\$ 13,884,071</u>	<u>\$ (545,368)</u>

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - *Continued*

CAPITAL ASSETS

As of September 30, 2019, the City had \$31,733,972 invested in a variety of capital assets, as compared to \$30,379,174 as of September 30, 2018. This represents a net increase of \$1,354,798 or 4.46% from the prior year. Governmental activities contributed 21% of this increase while business-type activities contributed 79%. Some of the notable projects that contributed to this increase include:

- Completion of the Skateboard Park
- Street paving and resurfacing
- Casino Roof
- Senior Center Database/ Computer touchscreen management system
- Fire Department – SCBA & Compressor
- Public Safety Police Vehicles
- Marina – 20 13,000lb Boat Lifts
- Marina – Parking Lot & Landscaping
- Police Network CJIS Compliance Project
- Theater – Audio Visual Lighting Upgrade
- Beach Handicap Accessible Mobi-Mat
- Sanitary Sewer – Major Sewer Rehabilitation Project
- Sanitary Sewer Evaluation Survey [SSES] – Planning phase II
- Engineering of the lift Station Bypass Project
- Sewer, Stormwater, Sanitation heavy duty equipment
- Completion of Tangerine Parkway – Trolley Market Square Improvement Project
- Marina Picnic Area Shade sails
- Recreation – Beach Playground Shade Sails

Construction in Progress within the Governmental Activities of \$251,675 includes projects that remain in CIP from the prior year such as architectural design services for the Senior Center as well as the final costs related to the Osgood Point trail connector. Osgood Point trail Connector will be finally completed in early FY20 after the project was scaled back in scope and cost to accommodate public opinion. The project includes a paved path for what is called the Osgood Point Trail portion of the project while utilizing sharrows and directional signage on existing streets for key destinations located inside the city limits of Gulfport. New projects that have contributed to the increase include engineering services for Williams Pier, the 49th Street Traffic Calming Project, and the Casino Restroom Renovation.

Construction in Progress within the Business-type Activities of \$4,532,397 is comprised of the Sanitary Sewer Evaluation Survey Planning Phase I and Phase II which includes closed circuit television investigations and recommendations for repair and rehabilitation of the collection systems, as well as construction support including bidding assistance and program management for the City's wastewater utilities system. Also included is the Sanitary Sewer Major Rehabilitation Phase I which involves primarily priority 1 repairs including replacing fractured or broken pipes, holes, gusher type infiltration, sand infiltration, large offset joints, delaminated liners, defective point repairs, and broken lateral connections.

Depreciation slightly increased from the prior year due to projects that were components of Construction in Progress reaching completion and are now being depreciated, as detailed in the list above.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

FINANCIAL ANALYSIS OF THE CITY'S FUNDS - Continued

CAPITAL ASSETS
As of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2019	2018	2019	2018	2019	2018
Land	\$ 592,072	\$ 592,072	\$ 20,000	\$ 20,000	\$ 612,072	\$ 612,072
Construction in Progress	251,675	385,430	4,532,397	3,295,851	4,784,072	3,681,281
Buildings	10,857,853	10,857,853	1,556,390	1,556,390	12,414,243	12,414,243
Infrastructure and Improvements	19,660,614	18,164,340	24,803,816	24,618,122	44,464,430	42,782,462
Equipment	5,266,916	4,807,576	4,230,810	3,910,411	9,497,726	8,717,987
Software	433,739	416,345	69,953	69,953	503,692	486,298
	<u>37,062,869</u>	<u>35,223,616</u>	<u>35,213,366</u>	<u>33,470,727</u>	<u>72,276,235</u>	<u>68,694,343</u>
Less: Accumulated Depreciation	(21,812,196)	(20,253,940)	(18,730,067)	(18,061,229)	(40,542,263)	(38,315,169)
Capital Assets, net	<u>\$ 15,250,673</u>	<u>\$ 14,969,676</u>	<u>\$ 16,483,299</u>	<u>\$ 15,409,498</u>	<u>\$ 31,733,972</u>	<u>\$ 30,379,174</u>

Additional detailed information on the City's capital assets may be found in the notes to the financial statements, Note 5.

LONG TERM DEBT

The City entered into an agreement with the Florida Department of Environmental Protection for a loan of up to \$1,500,000 for Phase I planning costs involved in major sewer system rehabilitation improvements. Additionally, on April 4, 2017 two additional loans were executed, one for Phase II Sanitary Sewer Evaluation Survey [SSES] in the amount of \$601,300, and another for major sewer rehabilitation in the amount of \$2,518,703.

The current total principal and interest to be paid on the above referenced notes from direct borrowing is \$4,730,889 as of September 30, 2019.

LONG TERM DEBT
As of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2019	2018	2019	2018	2019	2018
Capital Leases	\$ 481,807	\$ 436,386	\$ 673,995	\$ 28,229	\$ 1,155,802	\$ 464,615
Notes from Direct Borrowing	-	-	4,272,126	2,995,086	4,272,126	2,995,086
	<u>\$ 481,807</u>	<u>\$ 436,386</u>	<u>\$ 4,946,121</u>	<u>\$ 3,023,315</u>	<u>\$ 5,427,928</u>	<u>\$ 3,459,701</u>

Business-type activities had \$4,946,121 in outstanding long-term debt. The FDEP loan discussed in the preceding paragraph is responsible for \$4,272,126. The remaining \$673,995 relates to a Master Equipment Lease/Purchase Agreement for equipment related to the solid waste utility operation for the purchase of three new heavy equipment vehicles, including an automated side loading truck, split body recycling truck, and a rear loader truck.

Capital Leases within the governmental activities reported a net increase of \$45,421 as capital lease agreements continue for the vehicle replacement plan within the Police Department. As of September 30, 2019, there was a total outstanding balance of \$481,807.

Additional detailed information on the City's long-term debt and other long-term liabilities may be found in the notes to the financial statements, Note 7.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

ECONOMIC FACTORS AND YEAR 2020 BUDGETS AND RATES

The City continued to face changing economic times in our community, state and nation. With the positive growth in property values, much of the budget development process is focused on beginning to address the past compounded decline in revenues and the continued ability of the City Council and staff to maintain the traditional high levels of personal services provided the residents of the City of Gulfport. It is paramount the City must continually address the sustained financial impact of providing such a high level of services as the City moves forward. Gulfport, like many other local governments, primarily relies on property taxes and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees to fund governmental activities. The budget development process for FY 2020 was focused on the City's ability to fund present and future levels of General Fund operations and services.

Key Factors considered in preparing the City of Gulfport's budget for fiscal year 2020 included:

- The Ad Valorem millage (property tax) has been budgeted to remain at 4.039 mils for the 8th consecutive year. An increase in the actual assessed value of property in the City is projected to generate an estimated \$320,000 in additional revenue.
- Fiscal Year 2019-2020 property tax revenues will increase with the City Manager recommended adoption of the operating millage rate of 4.039. This is the sixth (6th) consecutive year of improved property values.
- An increase was recognized in funding from Pinellas County for Emergency Medical Services to fund Rescue 17
- Revenue was estimated for collections on the commencement of a non-resident fee of \$50 at the Gulfport Senior Center. (City Council approved Resolution 2019-40 on August 6, 2019)
- An increase in utility rates was approved and considered within the calculation of the FY20 budget:
 - Sanitation & Recycling 6% increase, (Ordinance 2019-10)
 - Sewer rate 8% increase, (Ordinance 2019-11)
 - Water rate 8% increase, (Ordinance 2019-12)
 - Stormwater rate \$2.50 per month increase, (Ordinance 2019-13)
- Other City fees (i.e. planning and zoning and building fees, occupational license fees, and recreation, casino/theater fees) have been budgeted with a 10% rate increase. Marina rental fees for wet/dry dockage have been budgeted at a 12.95% increase
- An increase in employee compensation has been included in the budget with the application of a 3.7% salary plan adjustment program.
- Employee health insurance decreased 1.2% across all funds.
- Overall renewal rate of insurance coverage for Property, Workers' Compensation, General Liability, Automotive Liability, and Public Official Liability amounts increase is budgeted at 9.94% in total.
- Fuel cost adjustments across all funds due to continued volatility of costs.
- In FY20 repayment begins for the Florida Department of Environmental Protection loans that funded a major sewer system rehabilitation improvement project.
- Increase in Pinellas County tipping fees for Sanitation and Recycling.
- Additional costs for public communication, ADA compliant products and services have been incorporated into the FY20 budget.

CITY OF GULFPORT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS - *Continued*

ECONOMIC FACTORS AND YEAR 2020 BUDGETS AND RATES - *Continued*

- Per City Council direction - Included assigned fund balance for Williams Pier/ Beach Re-Nourishment/ Solar Retrofit Planning.
- Addition of a Plan review contractor to increase efficiency within the Building Department.
- Expiration and renewal of the City's outsourced Information Technology contract.
- Pension contributions to all three (3) City sponsored funds have experienced market volatility - management staff contribution will remain at 12%. Due to the historical nature of the performance of the financial markets, the Fiscal Year 2019-2020 budget will continue to offset the cost of legally required contributions required to maintain actuarial soundness within the plans.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City's Finance Director at City Hall at 2401 53rd Street South, Gulfport, Florida 33707, telephone (727) 893-1014.

Basic Financial Statements

The basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The government-wide financial statements present financial information about the reporting government, as a whole, except for its fiduciary activities. The fund financial statements present financial information about major funds individually and nonmajor funds in the aggregate. They also include financial information about the fiduciary funds. The notes to the financial statements present information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements.

CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION
September 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,421,414	\$ 2,587,281	\$ 6,008,695
Restricted Cash and Investments	659,357	504,506	1,163,863
Receivables (Net)	700,912	1,044,838	1,745,750
Due from Other Governments	142,003	69,204	211,207
Inventories	41,638	71,190	112,828
Prepaid Items	16,707	1,000	17,707
Net Pension Asset	898,216	362,402	1,260,618
Capital Assets:			
Capital Assets Not Being Depreciated	843,747	4,552,397	5,396,144
Capital Assets Being Depreciated and Amortized (Net)	<u>14,406,926</u>	<u>11,930,902</u>	<u>26,337,828</u>
Total Capital Assets	<u>15,250,673</u>	<u>16,483,299</u>	<u>31,733,972</u>
Total Assets	<u>21,130,920</u>	<u>21,123,720</u>	<u>42,254,640</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows for OPEB	3,515	758	4,273
Deferred Outflows for Pensions	<u>540,019</u>	<u>155,591</u>	<u>695,610</u>
Total Deferred Outflows of Resources	<u>543,534</u>	<u>156,349</u>	<u>699,883</u>
LIABILITIES			
Accounts Payable	185,305	858,537	1,043,842
Liabilities Payable from Restricted Assets	-	238,054	238,054
Accrued Liabilities	257,868	65,621	323,489
Due to Other Governments	8,045	129,720	137,765
Deposits	38,838	-	38,838
Long-term Liabilities:			
Due within One Year	521,879	386,543	908,422
Due in More Than One Year	<u>3,025,032</u>	<u>4,802,407</u>	<u>7,827,439</u>
Total Liabilities	<u>4,036,967</u>	<u>6,480,882</u>	<u>10,517,849</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows for OPEB	18,368	3,930	22,298
Deferred Inflows for Pensions	<u>667,932</u>	<u>77,352</u>	<u>745,284</u>
Total Deferred Inflows of Resources	<u>686,300</u>	<u>81,282</u>	<u>767,582</u>
NET POSITION			
Net Investment in Capital Assets	14,756,463	11,314,206	26,070,669
Restricted			
Sewer Projects	-	133,373	133,373
Capital Projects	596,993	-	596,993
Debt Service	-	133,079	133,079
Library Projects	45,832	-	45,832
Public Safety	1,000	-	1,000
Other Special Projects	15,532	-	15,532
Unrestricted	<u>1,535,367</u>	<u>3,137,247</u>	<u>4,672,614</u>
Total Net Position	<u>\$ 16,951,187</u>	<u>\$ 14,717,905</u>	<u>\$ 31,669,092</u>

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

CITY OF GULFPORT, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 1,866,570	\$ 1,817,750	\$ 27,320	\$ -
Public Safety	6,030,952	1,226,178	197,357	-
Recreation	3,613,830	772,047	251,211	232,980
Community Development/Redevelopment	1,062,812	-	2,898	61,960
Public Works	1,767,192	259,706	-	10,540
Interest on Long-Term Debt	18,150	-	-	-
Total Governmental Activities	<u>14,359,506</u>	<u>4,075,681</u>	<u>478,786</u>	<u>305,480</u>
Business-type Activities:				
Sanitation	2,214,934	2,338,698	302,768	-
Water and Sewer	8,236,720	6,233,107	32,435	10,890
Marina	2,006,687	2,149,821	83	-
Total Business-type Activities	<u>12,458,341</u>	<u>10,721,626</u>	<u>335,286</u>	<u>10,890</u>
Total	<u>\$ 26,817,847</u>	<u>\$ 14,797,307</u>	<u>\$ 814,072</u>	<u>\$ 316,370</u>

General Revenues:
Property Tax
Sales Tax
Infrastructure Surtax
Public Service Tax
Gas Tax
State Revenue Sharing
Other Taxes
Franchise Fees
Investment Income
Miscellaneous
Gain on Sale of Assets
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning
Net Position - Ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business- type Activities	Total
\$ (21,500)	\$ -	\$ (21,500)
(4,607,417)	-	(4,607,417)
(2,357,592)	-	(2,357,592)
(997,954)	-	(997,954)
(1,496,946)	-	(1,496,946)
<u>(18,150)</u>	<u>-</u>	<u>(18,150)</u>
<u>(9,499,559)</u>	<u>-</u>	<u>(9,499,559)</u>
-	426,532	426,532
-	(1,960,288)	(1,960,288)
-	143,217	143,217
<u>-</u>	<u>(1,390,539)</u>	<u>(1,390,539)</u>
<u>(9,499,559)</u>	<u>(1,390,539)</u>	<u>(10,890,098)</u>
3,851,635	-	3,851,635
820,689	-	820,689
1,417,298	-	1,417,298
1,710,748	-	1,710,748
170,250	-	170,250
437,467	-	437,467
71,510	-	71,510
803,014	-	803,014
62,257	556	62,813
215,806	-	215,806
14,379	33,600	47,979
<u>(138,280)</u>	<u>138,280</u>	<u>-</u>
<u>9,436,773</u>	<u>172,436</u>	<u>9,609,209</u>
(62,786)	(1,218,103)	(1,280,889)
<u>17,013,973</u>	<u>15,936,008</u>	<u>32,949,981</u>
<u>\$ 16,951,187</u>	<u>\$ 14,717,905</u>	<u>\$ 31,669,092</u>

CITY OF GULFPORT, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,224,693	\$ 370,150	\$ 485,928	\$ 4,080,771
Accounts Receivable (Net)	634,243	-	66,669	700,912
Due from Other Governments	39,503	102,500	-	142,003
Prepaid Items	15,869	-	838	16,707
Inventories	41,638	-	-	41,638
Total Assets	<u>\$ 3,955,946</u>	<u>\$ 472,650</u>	<u>\$ 553,435</u>	<u>\$ 4,982,031</u>
LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 163,438	\$ 19,050	\$ 2,817	\$ 185,305
Accrued Liabilities	257,699	-	169	257,868
Due to Other Governments	8,045	-	-	8,045
Deposits Payable	38,838	-	-	38,838
Total Liabilities	<u>468,020</u>	<u>19,050</u>	<u>2,986</u>	<u>490,056</u>
Deferred Inflows - Unavailable Revenues	<u>26,393</u>	<u>-</u>	<u>62,500</u>	<u>88,893</u>
Fund Balances:				
Nonspendable Inventories and Prepays	57,507	-	838	58,345
Restricted for Law Enforcement	-	-	1,000	1,000
Restricted for Capital Purchases	-	453,600	-	453,600
Restricted for Waterfront Redevelopment	-	-	81,433	81,433
Restricted for Donor Provisions	15,532	-	-	15,532
Restricted for Library	-	-	45,832	45,832
Assigned for Solar Improvements	40,000	-	-	40,000
Assigned for Capital Purchases	38,128	-	-	38,128
Assigned for 49th Street Redevelopment	-	-	11,963	11,963
Assigned for Beach Renourishment	-	-	40,000	40,000
Assigned for Williams Pier	-	-	20,000	20,000
Assigned for Other Waterfront Redevelopment	-	-	286,883	286,883
Unassigned	3,310,366	-	-	3,310,366
Total Fund Balances	<u>3,461,533</u>	<u>453,600</u>	<u>487,949</u>	<u>4,403,082</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,955,946</u>	<u>\$ 472,650</u>	<u>\$ 553,435</u>	<u>\$ 4,982,031</u>

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

CITY OF GULFPORT, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
as of September 30, 2019

Total fund balances of governmental funds \$ 4,403,082

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. The cost of the assets is \$37,062,869, and the accumulated depreciation and amortization is \$21,812,196. 15,250,673

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities.

Long-term liabilities at year-end consist of:

Capital leases	(481,807)	
Total OPEB Liability	(510,159)	
Net pension liability	(1,760,325)	
Compensated absences	<u>(794,620)</u>	
		(3,546,911)

The net pension asset is not a current financial resource; and therefore is not reported in governmental funds. 898,216

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in governmental funds.

Deferred outflows of resources for OPEB	3,515	
Deferred outflows of resources for pensions	540,019	
Deferred inflows of resources for OPEB	(18,368)	
Deferred inflows of resources for pensions	<u>(667,932)</u>	
		(142,766)

Deferred inflows from federal and state grants recognized as revenue of the current period 88,893

Total net position of governmental activities \$ 16,951,187

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

CITY OF GULFPORT, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 6,248,609	\$ 1,417,298	\$ 337,389	\$ 8,003,296
Permits and Fees	581,437	10,540	-	591,977
Intergovernmental Revenues	2,201,874	232,980	2,898	2,437,752
Charges for Services	2,713,725	-	-	2,713,725
Fines and Forfeitures	83,891	-	-	83,891
Investment Income	62,257	-	-	62,257
Miscellaneous Revenues	474,239	188	1,545	475,972
Total Revenues	<u>12,366,032</u>	<u>1,661,006</u>	<u>341,832</u>	<u>14,368,870</u>
EXPENDITURES				
Current:				
General Government	1,610,341	-	-	1,610,341
Public Safety	5,492,571	-	-	5,492,571
Recreation	3,259,101	-	-	3,259,101
Community Development/ Redevelopment	740,896	-	321,354	1,062,250
Public Works	1,561,794	-	-	1,561,794
Capital Outlay	-	1,554,836	-	1,554,836
Debt Service:				
Principal	-	196,034	-	196,034
Interest	-	18,150	-	18,150
Total Expenditures	<u>12,664,703</u>	<u>1,769,020</u>	<u>321,354</u>	<u>14,755,077</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(298,671)</u>	<u>(108,014)</u>	<u>20,478</u>	<u>(386,207)</u>
OTHER FINANCING SOURCES AND (USES)				
Capital Lease Issuance	-	241,455	-	241,455
Transfers In	634,870	-	-	634,870
Transfers (Out)	(674,000)	(99,150)	-	(773,150)
Total Other Financing Sources and (Uses)	<u>(39,130)</u>	<u>142,305</u>	<u>-</u>	<u>103,175</u>
Net Change in Fund Balances	(337,801)	34,291	20,478	(283,032)
Fund Balances - Beginning	<u>3,799,334</u>	<u>419,309</u>	<u>467,471</u>	<u>4,686,114</u>
Fund Balances - Ending	<u>\$ 3,461,533</u>	<u>\$ 453,600</u>	<u>\$ 487,949</u>	<u>\$ 4,403,082</u>

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

CITY OF GULFPORT, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2019

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

Net change in fund balances - total governmental funds	\$	(283,032)
<p>Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated and amortized over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which the cost of capital purchases (\$2,088,568) exceeds depreciation and amortization (\$1,784,808).</p>		
		303,760
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
<p>Debt issued or incurred:</p>		
Issuance of capital lease	\$	(241,455)
<p>Principal repayments:</p>		
Leases	196,034	(45,421)
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:</p>		
Compensated absences		(57,680)
<p>Under the modified accrual basis of accounting, some revenues are recognized when both the measureable and available criteria have been met. Some revenues earned in the current year were not recognized since availability criteria was not met. Under full accrual accounting, all revenues would be recognized.</p>		
		88,893
<p>In the statement of activities, only the loss on the sale/disposal of capital assets is reported. The change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed or adjusted in value.</p>		
		(22,763)
<p>Governmental funds report City pension contributions and OPEB benefit payments as expenditures. In the statement of activities, the cost of pension and OPEB benefits earned net of contributions and OPEB benefit payments is reported as expense.</p>		
Difference between OPEB benefit payments and net OPEB expense		(25,087)
Difference between pension contributions and net pension expense		(21,456)
Change in net position of governmental activities	\$	(62,786)

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

CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 745,672	\$ 763,060	\$ 1,015,527	\$ 2,524,259
Restricted Assets:				
Cash Held for Customer Deposits	-	160,184	77,870	238,054
Cash Held for Debt Service	-	133,079	-	133,079
Cash Held for Sewer Impact Fees	-	196,395	-	196,395
Accounts Receivable (Net)	282,330	730,111	32,397	1,044,838
Due from Other Governments	9,046	60,158	-	69,204
Inventories	-	55,406	15,784	71,190
Prepaid Items	-	-	1,000	1,000
Total Current Assets	1,037,048	2,098,393	1,142,578	4,278,019
Noncurrent Assets:				
Capital Assets:				
Land	-	-	20,000	20,000
Buildings	230,746	411,965	913,679	1,556,390
Infrastructure and Improvements	297,195	19,784,530	4,722,091	24,803,816
Equipment and Machinery	2,585,348	1,068,172	577,290	4,230,810
Software	17,104	36,274	16,575	69,953
Construction in Progress	-	4,399,127	133,270	4,532,397
Less: Accumulated Depreciation and Amortization	(2,118,854)	(12,542,977)	(4,068,236)	(18,730,067)
Total Capital Assets (Net)	1,011,539	13,157,091	2,314,669	16,483,299
Net Pension Asset	194,274	115,154	52,974	362,402
Total Noncurrent Assets	1,205,813	13,272,245	2,367,643	16,845,701
Total Assets	2,242,861	15,370,638	3,510,221	21,123,720
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for OPEB	343	311	104	758
Deferred Outflows for Pensions	96,718	55,838	3,035	155,591
Total Deferred Outflows of Resources	97,061	56,149	3,139	156,349

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION - Continued
PROPRIETARY FUNDS
September 30, 2019

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 40,287	\$ 700,228	\$ 118,022	\$ 858,537
Accrued Liabilities	44,338	10,601	10,682	65,621
Due to Other Governments	-	121,857	7,863	129,720
Liabilities Payable from Restricted Assets - Deposits	-	160,184	77,870	238,054
Capital Lease Payable	143,084	-	-	143,084
Revolving Loan Payable	-	194,834	-	194,834
Compensated Absences Payable	15,737	20,338	12,550	48,625
Total Current Liabilities	243,446	1,208,042	226,987	1,678,475
Noncurrent Liabilities:				
Other Postemployment Benefits	55,032	34,272	15,178	104,482
Capital Lease Payable	530,911	-	-	530,911
Revolving Loan Payable	-	4,077,292	-	4,077,292
Compensated Absences Payable	18,468	41,578	29,676	89,722
Total Noncurrent Liabilities	604,411	4,153,142	44,854	4,802,407
Total Liabilities	847,857	5,361,184	271,841	6,480,882
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for OPEB	1,780	1,603	547	3,930
Deferred Inflows for Pensions	51,035	19,355	6,962	77,352
Total Deferred Inflows of Resources	52,815	20,958	7,509	81,282
NET POSITION				
Net Investment in Capital Assets	337,544	8,771,078	2,205,584	11,314,206
Restricted for Sewer Projects	-	133,373	-	133,373
Restricted for Debt Service	-	133,079	-	133,079
Unrestricted	1,101,706	1,007,115	1,028,426	3,137,247
Total Net Position	\$ 1,439,250	\$ 10,044,645	\$ 3,234,010	\$ 14,717,905

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

CITY OF GULFPORT, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
OPERATING REVENUES:				
Charges for Services	\$ 2,317,143	\$ 6,209,468	\$ 2,149,705	\$ 10,676,316
Miscellaneous Revenues	21,555	23,639	116	45,310
Total Operating Revenues	2,338,698	6,233,107	2,149,821	10,721,626
OPERATING EXPENSES:				
Personal Services	823,752	692,765	307,229	1,823,746
Contracted Services	466,015	4,567,330	35,688	5,069,033
Supplies and Materials	98,538	134,652	873,849	1,107,039
Repairs and Maintenance	225,306	409,665	60,672	695,643
Administrative Overhead	365,663	1,006,025	299,928	1,671,616
Other Services and Charges	30,921	76,102	194,295	301,318
Depreciation and Amortization	190,355	632,669	233,289	1,056,313
Total Operating Expenses	2,200,550	7,519,208	2,004,950	11,724,708
Operating Income (Loss)	138,148	(1,286,101)	144,871	(1,003,082)
NONOPERATING REVENUES (EXPENSES):				
Operating Grants	302,768	32,435	83	335,286
Legal Settlement	-	(649,000)	-	(649,000)
Investment Income	255	232	69	556
Interest Expense	(14,384)	(68,512)	(1,737)	(84,633)
Gain/Loss from Sale of Capital Assets	27,100	6,500	-	33,600
Total Nonoperating Revenues (Expenses)	315,739	(678,345)	(1,585)	(364,191)
Income (Loss) Before Contributions and Transfers	453,887	(1,964,446)	143,286	(1,367,273)
Capital Contributions	-	10,890	-	10,890
Transfers In	-	674,000	65,000	739,000
Transfers (Out)	(121,888)	(378,856)	(99,976)	(600,720)
Change in Net Position	331,999	(1,658,412)	108,310	(1,218,103)
Total Net Position - Beginning	1,107,251	11,703,057	3,125,700	15,936,008
Total Net Position - Ending	\$ 1,439,250	\$ 10,044,645	\$ 3,234,010	\$ 14,717,905

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

CITY OF GULFPORT, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,378,685	\$ 6,248,436	\$ 2,140,370	\$ 10,767,491
Payments to Suppliers	(1,184,226)	(5,914,711)	(1,474,019)	(8,572,956)
Payments to Employees	(808,712)	(684,942)	(302,221)	(1,795,875)
Net Cash and Cash Equivalent Provided (Used) by Operating Activities	385,747	(351,217)	364,130	398,660
Cash Flows from Noncapital Financing Activities				
Transfers (to) Other Funds	(121,888)	(378,856)	(99,976)	(600,720)
Transfers from Other Funds	-	674,000	65,000	739,000
Legal Settlement	-	(649,000)	-	(649,000)
Operating Grants	293,722	32,435	83	326,240
Net Cash and Cash Equivalent Provided (Used) in Noncapital Financing Activities	171,834	(321,421)	(34,893)	(184,480)
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(611,016)	(1,017,219)	(278,907)	(1,907,142)
Impact Fees Received	-	10,890	-	10,890
Proceeds from Sale of Assets	27,100	6,500	-	33,600
Proceeds from Revolving Loan	-	1,277,040	-	1,277,040
Principal Payments	645,766	-	-	645,766
Interest Payments	(14,384)	(68,512)	(1,737)	(84,633)
Net Cash and Cash Equivalent Provided (Used) in Capital and Related Financing Activities	47,466	208,699	(280,644)	(24,479)
Cash Flows from Investing Activities				
Income Received from Investments	255	232	69	556
Net Cash and Cash Equivalent Provided in Investing Activities	255	232	69	556
Net Increase (Decrease) in Cash and Cash Equivalents	605,302	(463,707)	48,662	190,257
Cash and Cash Equivalents at Beginning of Year	140,370	1,716,425	1,044,735	2,901,530
Cash and Cash Equivalents at End of Year	\$ 745,672	\$ 1,252,718	\$ 1,093,397	\$ 3,091,787

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
For The Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 138,148	\$ (1,286,101)	\$ 144,871	\$ (1,003,082)
Depreciation and Amortization	190,355	632,669	233,289	1,056,313
Deferred Outflows for OPEB	(343)	(311)	(104)	(758)
Deferred Outflows for Pensions	7,511	7,146	2,342	16,999
Deferred Inflows for Pensions	(57,504)	(54,713)	(17,928)	(130,145)
Deferred Inflows for OPEB	1,730	1,567	524	3,821
Total OPEB Liability	1,062	962	323	2,347
Net Pension Liability	52,151	49,620	16,260	118,031
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	39,987	4,640	(4,994)	39,633
(Increase) Decrease in Due from Other Governments	-	1,955	-	1,955
(Increase) Decrease in Inventories	-	(6,066)	4,164	(1,902)
Increase (Decrease) in Accounts Payable	2,217	243,999	(19,559)	226,657
Increase (Decrease) in Due to Other Governments	-	41,130	5,808	46,938
Increase (Decrease) in Accrued Liabilities	6,862	1,394	523	8,779
Increase (Decrease) in Compensated Absences	3,571	2,158	3,068	8,797
Increase (Decrease) in Customer Deposits	-	8,734	(4,457)	4,277
Total Adjustments	247,599	934,884	219,259	1,401,742
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 385,747	\$ (351,217)	\$ 364,130	\$ 398,660

There were no noncash transactions.

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

CITY OF GULFPORT, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2019

ASSETS

Cash and Cash Equivalents:	
Short Term Investments	\$ 546,217
Total Cash and Cash Equivalents	<u>546,217</u>

Receivables:	
City Contributions in Transit	142,979
Additional City Contribution	18,910
Due from Broker	9,688
Investment Income	26,988
Total Receivables	<u>198,565</u>

Investments, at Fair Value:	
U.S. Government Obligations	568,936
Asset-backed Securities	1,167,702
Stocks	2,522,414
Corporate Bonds	2,022,803
Mutual Funds:	
Equity	17,235,251
Real Estate	1,312,844
Fixed Income	7,159,379
Total Investments	<u>31,989,329</u>
Total Assets	<u><u>32,734,111</u></u>

LIABILITIES

Accounts Payable	<u>20,325</u>
Total Liabilities	<u><u>20,325</u></u>

Net Position Restricted for Pension Benefits	<u><u>\$ 32,713,786</u></u>
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The notes to the financial statements are an integral part of the financial statements.

CITY OF GULFPORT, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For The Year Ended September 30, 2019

ADDITIONS

Contributions	
City	\$ 644,960
Member	316,564
State	186,634
Total Contributions	<u>1,148,158</u>
Investment Income (Loss)	
Net decrease in Fair Value of Investments	(216,768)
Interest and Dividends	1,567,486
Less: Investment Expense ¹	(107,682)
Net Investment Income (Loss)	<u>1,243,036</u>
Total Additions	<u>2,391,194</u>

DEDUCTIONS

Distributions to Members:	
Benefit Payments	1,420,245
Refunds of Member Contributions	140,974
Total Distributions	<u>1,561,219</u>
Administrative Expense	147,213
Total Deductions	<u>1,708,432</u>

Change in Net Position 682,762

Net Position Restricted for Pension Benefits

Beginning of Year	<u>32,031,024</u>
End of Year	<u>\$ 32,713,786</u>

¹ Investment related expenses include investment advisory, custodial and performance monitoring fees
The notes to the financial statements are an integral part of the financial statements.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Gulfport, Florida (the "City"), have been prepared in conformity with generally accepted accounting principles ("GAAP"), as applied to governmental units, which were promulgated by the Governmental Accounting Standards Board ("GASB"). A summary of the City's significant accounting policies applied in the preparation of these financial statements follows.

A. REPORTING ENTITY

The City of Gulfport is a political subdivision of the state of Florida. The City was originally incorporated as the Town of Gulfport on October 12, 1910. This act was amended by Chapter 27580, No. 1101, Laws of Florida, Regular Session 1951, and approved by the Governor and filed with the Secretary of State, which changed the name to the City of Gulfport. The City provides a wide range of services that include police and fire protection, recreation and senior services, mini-bus service, public works services, and general administration. The City also operates several enterprise activities, including: sanitation, water and sewer, and a marina. The City operates a vehicle maintenance central garage, which is accounted for in the General Fund.

The City is a municipal corporation governed by an elected mayor and four-member council. As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable or entities that would be misleading to exclude. 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.

Blended Component Units

The City has included the Gulfport Community Redevelopment Agency ("CRA") in these financial statements. The City Council (the "Council") is the governing body of this agency, which was approved by the Board of County Commissioners of Pinellas County under Chapter 163, Florida Statutes, to act as the redevelopment agency for the Gulfport Community Redevelopment Districts. The City approves the budget, provides funding, and performs all accounting functions for the CRA. The CRA's services are provided exclusively to the City. There are two separate and distinct redevelopment districts in the City, which are referred to as the "Waterfront" and "49th Street" Redevelopment Districts. The operations of these two redevelopment districts are reported as special revenue funds.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide statements (statement of net position and statement of activities) are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables, deferred outflows of resources, long-term liabilities, and deferred inflows of resources. The City's fiduciary funds are not included in the government-wide statements since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

B. BASIC FINANCIAL STATEMENTS *(Continued)*

The government-wide statement of activities reports the gross and net cost for the various functional categories (general government, public safety, recreation, community development and redevelopment, and public works) of the City that are otherwise supported by general government revenues (property, sales and use tax, and certain intergovernmental revenues, etc.). For the most part, the effect of interfund activity has been removed from this statement. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are those costs that are allocated to functions and activities in accordance with the City's indirect cost allocation plan. The "Expenses" column includes both direct and indirect expenses. Program revenues are defined as charges for services, and operating and capital grants and contributions that specifically relate to a specific program function. Charges for services include revenue arising from charges to customers or applicants who purchase, use or directly benefit from the goods, services, or privileges provided. Operating and capital grants and contributions consist of revenues received from governments, organizations, or individuals that are specifically attributable to an activity program for either operating expenses or capital expenses associated with the specific program.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All non-major funds are summarized into a single column. The City has reported the General Fund and Capital Projects Fund as major funds. In addition, all three of the City's enterprise funds are major funds. The City has reported the 49th Street Redevelopment District, Law Enforcement Trust, Library Fund, and Waterfront Redevelopment District as non-major funds.

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The minimum number of funds is maintained consistent with legal and managerial requirements. A fund is a separate accounting entity with a self-balancing set of accounts.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION *(Continued)*

Funds are classified into three fund types: governmental, proprietary, and fiduciary. Each fund type is described below:

1. Governmental Funds:

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources), rather than upon net income. The following is a description of the governmental funds that the City has presented:

- a) **General Fund** - This fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
- b) **Special Revenue Funds** - These funds are used to account for and report the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted or committed to expenditures for specified purposes. The City has four special revenue funds consisting of the Waterfront and 49th Street Redevelopment Districts discussed previously, the Library Fund to account for donations for the library, and the Law Enforcement Trust to account for forfeiture proceeds restricted in use by Florida Statutes.
- c) **Capital Projects Fund** - The City has one Capital Projects Fund which is used to account for financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of major governmental capital projects.

2. Proprietary Funds:

These funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds – These funds are used to account for those operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose. The Sanitation Fund is used to account for refuse collection activities, the Water and Sewer Fund to account for water and wastewater sales and services, and the Marina Fund to account for operations of the City's marina.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION *(Continued)*

2. Proprietary Funds: *(Continued)*

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

3. Fiduciary Funds:

Fiduciary funds account for assets held by the City in a trustee capacity. Trust funds account for assets held by the government under the terms of a formal trust agreement.

Pension Trust Funds - These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The pension trust funds account for the assets of the City's public safety employees' pension plans and the general employees' pension plan.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

All proprietary funds and pension trust funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

1. Modified Accrual:

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are utility and franchise taxes, intergovernmental revenues and grants, state revenue sharing, and interest on pooled investments.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING *(Continued)*

2. Accrual:

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS, AND FUND EQUITY

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are carried at a mixture of fair value measurement and amortized cost because certain investments meet GASB Statement No. 31, as amended by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*, which establishes criteria for external investment pools to qualify for making the election to measure all of their investments at amortized cost for financial reporting purposes. The City's investments in the Florida PRIME and Florida Surplus Asset Fund Trust (SAFE) are similar to money market funds in which units are owned in the fund rather than the underlying investments, and they are reported at amortized cost.

There are no limitations or restrictions on withdrawals from the Florida PRIME and SAFE. In the occurrence of an event that has a material impact on the liquidity or operations of the PRIME, the fund's executive director may limit contributions to or withdrawals from the PRIME for a period of 48 hours. For investments in SAFE, the fund's manager may suspend redemptions for up to five business days. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Florida PRIME. All other investments are carried at fair value.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Receivables and Payables *(Continued)*

All accounts receivable are shown net of an allowance for uncollectible. Accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectible.

Property taxes, which were levied during fiscal year 2019 and are uncollected as of September 30, 2019, are immaterial and, therefore, not recorded as a receivable.

Inventories

Inventories are valued at cost using the first-in first-out (“FIFO”) method and consist of expendable items held for consumption or resale. The cost of these items is recorded as expenditure or expense at the time the inventory item is consumed or sold.

Prepaid Expenditures/Expenses

Payments made to vendors for services, as well as to the actuary for pension contributions, that will benefit periods beyond September 30, 2019, are recorded as prepaid items. These payments are recorded as expenditures or expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, software, and infrastructure assets (i.e., roads, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost, of more than \$1,000 and an estimated useful life beyond one year. These assets are recorded at historical cost or estimated historical cost, if purchased, and acquisition value, if contributed or donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred and are not capitalized. Depreciation and amortization on all capital assets is provided on a straight-line basis over the following estimated useful lives: buildings 20-50 years; improvements other than buildings, including infrastructure assets, 5-70 years; software 5 years; and equipment 3-20 years.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Compensated Absences

It is the City's policy to permit employees to accumulate earned and unused vacation and sick pay benefits. Vested vacation and sick leave that accrues that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability of the appropriate proprietary fund. The portion of the liability expected to be liquidated within the next year has been classified as a current liability. Amounts not expected to be liquidated within the next year are reported as a component of long-term liabilities. Compensated absences are reported in governmental funds only upon the retirement or resignation of a vested employee. The payment of compensated absences is charged to the respective fund and department in which the individual being paid is employed.

Net Pension Liability (Asset)

In the government-wide and proprietary statements, net pension liability or (asset) represents the present value of projected benefit payments to be provided through the single employer defined benefit pension plans to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension plans, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension investments are reported at fair value. The City allocated its net pension liability (asset), deferred outflows for pensions, deferred inflows for pensions, and pension expense to funds and functions/activities based on their respective contributions made to the pension plans during the measurement year.

Total Other Postemployment Benefits (OPEB) Liability

The total OPEB liability of the City of Gulfport Retiree Benefits Plan (the OPEB Plan) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. The plan is not administered through a trust.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Deferred Outflows of Resources / Deferred Inflows of Resources

The City reports deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The City reports two items that qualify as deferred outflows of resources on its government-wide and proprietary statements of net position, deferred outflows for OPEB and pensions. The deferred outflows for OPEB and pensions are aggregates of items related to OPEB and pensions as calculated in accordance with GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The deferred outflows for OPEB and pensions will be recognized as OPEB or pension expense, or as reductions of the total OPEB liability or net pension liability in future reporting years.

The City reports two items that qualify as deferred inflows of resources on its government-wide and proprietary statements of net position, deferred inflows for OPEB and pensions. The deferred inflows for OPEB and pensions are aggregates of items related to OPEB and pensions as calculated under the same principles as deferred outflows for OPEB and pensions. Both deferred inflows will be recognized as reductions to OPEB and pension expenses in future reporting years.

The City sometimes reports deferred inflows of resources on applicable governmental fund statements that represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. These deferred inflows will be recognized as revenue in the fiscal year they are earned and become available. The majority of these deferred inflows of resources represent intergovernmental receipts and reimbursements.

Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and capital related debt.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Net Position *(Continued)*

- **Restricted-** This component consists of net position that has constraints placed either externally by third parties (grantors and contributors) or by law, through constitutional provisions of enabling legislation. The City would typically use restricted net position first, as appropriated opportunities arise, but reserves the right to selectively defer the use of these funds. A portion of the net position of the Water and Sewer Fund is restricted for improvement of the City's sewer system, through the use of sewer impact fees.
- **Unrestricted** - This component consists of net position that does not meet the definition of "net investment in capital assets" and "restricted." Allocations or earmarks of net position made by the City's management are included in this component because these types of constraints are internal and management can remove or modify them.

Fund Balance

In accordance with GAAP, the City classified governmental fund balances as follows:

- **Nonspendable Fund Balance** - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted Fund Balance** - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City's highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action. The Council can establish, modify or rescind a fund balance commitment through the formal approval of an ordinance.
- **Assigned Fund Balance** - Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Council or (b) a body or official to which the Council has delegated the authority to assign amounts to be used for specific purposes. The City Manager has the official authority to assign fund balance in accordance with the City's Fund Balance Policy. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Fund Balance *(Continued)*

- **Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the General Fund and also includes deficit fund balances of other governmental funds.

The City intends that restricted amounts be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that would prohibit doing this, such as grant agreements with dollar-for-dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

It is the goal of the City to achieve and maintain an unassigned General Fund balance equal to 16% of the City's General Fund original budgeted expenditures for the respective fiscal year. These funds can only be used for an emergency as authorized in section 310 and 311 of the City Charter. If during any year, money is appropriated out of the unassigned fund and is spent in an amount that results in the unassigned funds being depleted below the required sixteen (16) percent budget minimum, then the Council shall in subsequent years add to the unassigned funds the lesser of a total of two hundred fifty thousand dollars (\$250,000) per year or whatever amount is necessary to achieve unassigned funds that are sixteen (16) percent of the respective fiscal year. These additions shall continue until funds in the unassigned fund have been increased to equal at least sixteen (16) percent of the City's General Fund original budgeted expenditures for the respective fiscal year.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to July 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- b) Two public hearings are conducted to obtain taxpayer comments on the proposed budget.
- c) Prior to October 1, the budget is legally enacted through passage of an ordinance for the General, Water Redevelopment District, Capital Projects, Sanitation, Water and Sewer, and Marina Funds.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

E. ASSETS, LIABILITIES, DEFERRED ELEMENTS AND FUND EQUITY *(Continued)*

Budgets and Budgetary Accounting *(Continued)*

- d) The City Manager may authorize budget adjustments if the total appropriations of the fund is not changed.
- e) The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within any department in the general fund and within any other fund. At the request of the City Manager, the Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department to another or from one fund to another.
- f) Budgets for enterprise funds are adopted using a financial flow basis and, as a result, are not consistent with GAAP in that depreciation is excluded and capital outlay cost is included. Formal budgetary integration is employed as a management control device during the year for the General, certain Special Revenue, Capital Projects and Enterprise Funds. Budgets for the governmental funds are adopted using a basis consistent with GAAP.
- g) Lapse of Appropriations – All appropriations shall lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered. Amounts that are legally encumbered but not expended shall be carried forward and incorporated in the following year's budget.

F. ENCUMBRANCES

Encumbrances represent contractual commitments in the form of purchase orders and contracts relating to governmental funds. Such encumbrances are not recorded as expenditures, but rather as restricted, committed or assigned fund balance depending on the method of approval of the contract or purchase order. Unencumbered appropriations lapse at year-end. The annual appropriations ordinance provides that outstanding encumbrances are to become supplemental appropriations in the respective departmental accounts in the ensuing fiscal year, unless cancelled.

G. PROPERTY TAXES

The assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the Pinellas County Property Appraiser and Pinellas County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten mills. The millage rate in effect for the fiscal year ended September 30, 2019 was 4.039 mills.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

G. PROPERTY TAXES (*Continued*)

The tax levy of the City is established by the Council prior to October 1 of each year, and the Pinellas County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, independent districts, county, and the school board tax requirements.

All property is reassessed according to its fair value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the roll meets all of the appropriate requirements of State Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they were assessed, and at such time a lien on the property is recorded. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. The City does not accrue its portion of the county-held certificates due to the immateriality of the amount.

H. INTERFUND TRANSACTIONS

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market value or near market value, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation. Amounts reported in the funds as receivables from or payable to fiduciary funds are included in the statement of net position as receivables from and payables to external parties.

I. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statements No. 83, *Certain Asset Retirement Obligations*, and No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2018. The Statements address accounting and financial reporting for certain asset retirement obligations, and additional disclosure requirements for debt (further clarified in definition). Additional debt disclosures have been included in Note 7.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 30, 2020, and determined that there is one event that required disclosure. The COVID-19 pandemic has created economic disruptions throughout the country as of the issuance date of this report resulting in significant declines in the financial markets and economic activity overall. The ultimate effects of these items are expected to be significant but are not quantifiable at this time.

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS

The City utilizes a consolidated cash pool to account for cash and investments of all City funds. The consolidated cash pool concept allows each participating fund to benefit from the economies of scale and improved yield, which are inherent to a larger investment pool. The account balances of each fund are reported as cash and cash equivalents and investments.

Cash and Pooled Cash

The City has one cash pool that maintains the deposits of all the governmental and enterprise funds of the City. The trust funds maintain their own cash accounts. Formal accounting records detail the individual equities of the participating funds. The cash pool utilizes a single checking account for all City receipts and disbursements, with a separate checking account for payroll disbursements.

Deposits

At September 30, 2019, the bank balance of the City's cash deposit accounts was \$5,490,951 and the carrying amount of the demand deposits and cash on hand was \$4,978,256. The cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

Investments

Florida Statutes (218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, State of Florida Local Government Surplus Funds Trust Fund, and mutual funds investing in U.S. Government securities.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2019

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS (*Continued*)

Investments (*Continued*)

The City adopted its own investment policy that also authorizes the City to invest in the following: a) Florida Municipal Investment Trust Funds; b) SEC registered money market funds with the highest credit rating from a nationally recognized rating agency; c) obligations of government-sponsored corporations (instrumentalities - which are usually “AAA” rated but have no explicit government guarantee), which are eligible as collateral for advances to member banks, as determined by the Board of Governors of the Federal Reserve; d) collateralized mortgage obligations (“CMO’s”) with very accurately defined maturities issued by Federal Agencies and instrumentalities and limited to VATM/accretion directed CMO’s or planned amortization class CMO’s or sequential bonds CMO’s; e) bankers acceptance guaranteed by banking institutions with a bank rating of “AA” on its long-term debt; f) prime commercial paper having received an “A1/P1” or higher rating by a nationally recognized rating agency; g) non-negotiable certificates of deposit and bank investment contracts (“BIC”), which can be insured, collateralized at the Federal Reserve or qualify as state-qualified public deposits, as defined by Florida Statutes; h) taxable or tax-exempt government bonds, notes or other obligations of state or local governments, including municipal corporations and special districts, of investment-grade quality; i) repurchase agreements with a “primary securities dealer” or with the City’s primary state certified public depository that are collateralized pursuant to State law and pursuant to a Master Repurchase Agreement entered into with the selling institution; j) auction rate securities (Dutch Auctions) rated “AA” or “AAA” with 28-35 day resets rated by a nationally-recognized rating agency; and k) corporate debt of corporations whose long-term debt is rated at least “AA-” or equivalent by a nationally recognized rating agency.

The City’s investment policy states that, to the extent possible, investment maturities and liquidity shall be matched to anticipated cash flow requirements. Unless an investment is matched to a specific cash flow, such as a reserve requirement or other longer term investment horizon, investments shall not have a maturity date of more than five (5) years from the date of purchase.

The City categorizes the fair value measurement of its investments based on the hierarchy established by GASB Statement No. 72 *Fair Value Measurement and Application*. The hierarchy has three levels based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. GASB 72 allows for the use of quoted prices provided by third parties. The City uses quoted prices provided by its third-party custodians for its pension trust funds.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS *(Continued)*

Investments *(Continued)*

The City's investments reported at amortized cost as of September 30, 2019, are as follows:

	Fair Value	Weighted Average Maturity	Credit Rating
Florida Surplus Asset Fund Trust (SAFE)	\$ 2,127,242	36 days (1)	S&P AAAM
Florida PRIME	67,060	37 days (1)	S&P AAAM
Total Investments	\$ 2,194,302		

(1) The weighted average maturity does not exceed 60 days in accordance with S&P guidelines.

Interest Rate Risk- In compliance with the City's investment policy, as of September 30, 2019, the City minimized the interest rate risk related to the decline in fair value of securities due to rising interest rates, by limiting the effective duration of security types not to exceed five (5) years, with the exception of securities related to a specific cash flow, such as a reserve fund and investing operating funds in primarily shorter term securities or similar government investment pools so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

Credit Risk - In compliance with the City's Investment Policy, as of September 30, 2019, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, U.S. Government Agency securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business. Mortgage-backed U.S. Government Agencies securities are collateralized mortgage obligations restricted to those backed by GMNA, FHLMC, or FNMA and must pass the FIEC high-risk security test. Additional information on pension investments can be found in Note 8.

General Employees' Pension Fund

Cash and Cash Equivalents

Salem Trust Company periodically holds uninvested cash in its capacity as custodian of the General Employees' Pension Fund (the "Pension Fund"). These funds exist temporarily as cash in the process of collection from the sale of securities. Money market funds with original maturities of three months or less, totaling \$166,341, are reported as cash equivalents and valued at amortized cost.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS *(Continued)*

General Employees' Pension Fund *(Continued)*

The Board of Trustees of the Pension Fund are authorized to invest and reinvest in such securities or property, real or personal, as shall be approved by the Board of Trustees, including, but not limited to, stocks, common or preferred, bonds, so long as such stocks or bonds retain one of the three highest quality ratings on a major recognized rating service, and other evidence of indebtedness or ownership, including shares or units of common trust funds approved as investments for pension and profit-sharing plans.

The Pension Fund held the following investments with fair value measurements as of September 30, 2019:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Equity Mutual Funds	\$ 10,483,357	n/a	n/a
Real Estate MF	784,662	n/a	n/a
Fixed Income Mutual Funds	<u>5,334,696</u>	see below	A
Total Investments	<u>\$ 16,602,715</u>		

Fixed income mutual funds with Dodge and Cox Income Fund have weighted average maturity of 8.1 years, and with Templeton have weighted average maturity of 1.06 years.

	<u>Fair Value Measurements Using</u>		
	<u>Quoted Priced in Active Markets Level 1</u>	<u>Significant Observable Input Level 2</u>	<u>Significant Unobservable Level 3</u>
	Equity Mutual Funds	\$ 10,483,357	\$ -
Real Estate MF	-	-	784,662
Fixed Income Mutual Funds	<u>5,334,696</u>	-	-
Total Investments	<u>\$ 15,818,053</u>	<u>\$ -</u>	<u>\$ 784,662</u>

Real estate investments in Level 3 are valued using discounted cash flows techniques.

Credit Risk- The Pension Fund minimizes credit risk by investing in mutual funds.

Interest Rate Risk- Through its investment policies, the Pension Fund manages its exposure to fair value losses arising from increasing interest rates by investing in short-term money market-type funds that can be liquidated immediately.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2019

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS (Continued)

Police Pension Fund

Cash and Cash Equivalents

Salem Trust Company periodically holds uninvested cash in its capacity as custodian of the Police Pension Fund (the "Police Pension"). These funds exist temporarily as cash in the process of collection from the sale of securities. Money market funds with original maturities of three months or less, totaling \$270,324, are reported as cash equivalents and valued at amortized cost.

Investments

The Board of Trustees of the Police Pension are authorized to invest in annuity and life insurance contracts with life insurance companies; time, savings, and money market accounts of an institution insured by the Federal Deposit Insurance Corporation; obligations of the U.S. Government or an agency or instrumentality of the U.S. Government, including mortgage-related securities; domestic and international equity securities, such that not more than 5% of the Police Pension's assets shall be invested in the common stock of any one issuing company, no more than 10% of the Police Pension's assets shall be invested in foreign securities, and no more than 60% of the aggregate investments shall be invested in common stock or convertible securities.

The Police Pension held the following investments with fair value measurements as of September 30, 2019:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
US Government Obligations	\$ 568,936	18.27 Years	Aaa/ AA+
Asset-backed Securities	1,167,702	5.66 Years	Aaa/ AA+
Stocks	1,647,724	n/a	n/a
Corporate Bonds	2,022,803	6.53 Years	A3/ A-
Equity Mutual Funds	4,624,995	n/a	n/a
Real Estate MF	528,182	n/a	n/a
Total Investments	<u>\$ 10,560,342</u>		

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS *(Continued)*

Police Pension Fund *(Continued)*

	<u>Fair Value Measurements Using</u>		
	Quoted Priced in Active Markets	Significant Observable Input	Significant Unobservable
	Level 1	Level 2	Level 3
US Government Obligations	\$ 568,936	\$ -	\$ -
Asset-backed Securities	-	1,167,702	-
Stocks	1,647,724	-	-
Corporate Bonds	-	2,022,803	-
Equity Mutual Funds	4,624,995	-	-
Real Estate MF	-	-	528,182
Total Investments	<u>\$ 6,841,655</u>	<u>\$ 3,190,505</u>	<u>\$ 528,182</u>

Debt securities in Level 2 are valued using a matrix pricing technique. Real estate investments in Level 3 are valued using discounted cash flows techniques.

Credit Risk - To mitigate credit risk, the Police Pension’s investment policy limits the minimum credit quality rating of investments, as rated by nationally recognized statistical rating organizations (NRSROs).

Interest Rate Risk - Through its investment policies, the Police Pension manages its exposure to fair value losses arising from increasing interest rates by investing in bond mutual funds and short-term money market-type funds that can be liquidated immediately.

Firefighters’ Pension Fund

Cash and Cash Equivalents

Salem Trust periodically holds uninvested cash in its capacity as custodian of the Firefighters’ Pension Fund (the “Firefighters’ Pension”). These funds exist temporarily as cash in the process of collection from the sale of securities. Money market funds with original maturities of three months or less, totaling \$109,552, are reported as cash equivalents and valued at amortized cost.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2019

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS (Continued)

Firefighters' Pension Fund (Continued)

Investments

The Board of Trustees of the Firefighters' Pension are authorized to invest in annuity and life insurance contracts with life insurance companies; time, savings, and money market accounts of an institution insured by the Federal Deposit Insurance Corporation; obligations of the U.S. Government or an agency or instrumentality of the U.S. Government, including mortgage-related securities; domestic and international equity securities, such that not more than 5% of the Firefighters' Pension's assets shall be invested in the common stock of anyone issuing company, no more than 10% of the Firefighters' Pension's assets shall be invested in foreign securities, and no more than 65% of the aggregate investments shall be invested in common stock or convertible securities.

The Firefighters' Pension held the following investments with fair value measurements as of September 30, 2019:

	Fair Value	Weighted Average Maturity	Credit Rating
Stocks	\$ 874,690	n/a	n/a
Equity Mutual Funds	2,126,899	n/a	n/a
Fixed Income Mutual Funds	1,824,683	see below	A
Total Investments	<u>\$ 4,826,272</u>		

	Fair Value Measurements Using		
	Quoted Priced in Active Markets Level 1	Significant Observable Input Level 2	Significant Unobservable Level 3
	Stocks	\$ 874,690	\$ -
Equity Mutual Funds	2,126,899	-	-
Fixed Income Mutual Funds	1,824,683	-	-
Total Investments	<u>\$ 4,826,272</u>	<u>\$ -</u>	<u>\$ -</u>

Fixed income mutual funds with Dodge and Cox Income Fund have weighted average maturity of 8.1 years, and with Templeton have weighted average maturity of 1.06 years.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS *(Continued)*

Firefighters' Pension Fund *(Continued)*

Investments *(Continued)*

Credit Risk - To mitigate credit risk, the Firefighters' Pension's investment policy limits the minimum credit quality rating of investments, as rated by nationally recognized statistical rating organizations (NRSROs).

Interest Rate Risk - Through its investment policies, the Firefighters' Pension manages its exposure to fair value losses arising from increasing interest rates by investing in mutual bond funds and short-term money market-type funds that can be liquidated immediately.

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable:			
Billed	\$ 515,728	\$ 791,693	\$ 1,307,421
Unbilled	18,591	545,438	564,029
Payroll Advance	4,028	1,045	5,073
Code Enforcement Liens	230,162	-	230,162
Total Receivables	768,509	1,338,176	2,106,685
Allowance for Uncollectibles	(67,597)	(293,338)	(360,935)
Net Total Receivables	\$ 700,912	\$ 1,044,838	\$ 1,745,750

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers consist of the following for the year ended September 30, 2019:

Fund	Transfers In	Transfers Out
General	\$ 634,870	\$ 674,000
Capital Projects	-	99,150
Sanitation	-	121,888
Water and Sewer	674,000	378,856
Marina	65,000	99,976
Total	\$ 1,373,870	\$ 1,373,870

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 4 - INTERFUND TRANSFERS *(Continued)*

The transfers in to the General Fund were made by Sanitation, Water & Sewer and the Marina and represent payments in lieu of taxes (PILOT), with a contribution from the Capital Project Fund to support the Police Server project. The Capital Project Fund also transferred funds to the Marina to support the Linear Breakwater Park Project.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2019 was as follows:

Governmental Activities:	Beginning Balance 10/1/2018	Additions	Deletions	Transfers	Ending Balance 9/30/2019
Non-depreciated Assets:					
Land	\$ 592,072	\$ -	\$ -	\$ -	\$ 592,072
Construction in Progress	385,430	51,064	-	(184,819)	251,675
Depreciated and Amortized Assets:					
Buildings	10,857,853	-	-	-	10,857,853
Infrastructure and Improvements	18,164,340	1,312,454	(999)	184,819	19,660,614
Equipment	4,807,576	705,179	(245,839)	-	5,266,916
Software	416,345	19,871	(2,477)	-	433,739
Total Capital Assets at Historical Cost	<u>35,223,616</u>	<u>2,088,568</u>	<u>(249,315)</u>	<u>-</u>	<u>37,062,869</u>
Less Accumulated Depreciation and Amortization for:					
Buildings	5,357,592	288,245	-	-	5,645,837
Infrastructure and Improvements	11,384,033	790,134	(999)	-	12,173,168
Equipment	3,181,755	676,096	(223,076)	-	3,634,775
Software	330,560	30,333	(2,477)	-	358,416
Total Accumulated Depreciation and Amortization	<u>20,253,940</u>	<u>1,784,808</u>	<u>(226,552)</u>	<u>-</u>	<u>21,812,196</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 14,969,676</u>	<u>\$ 303,760</u>	<u>\$ (22,763)</u>	<u>\$ -</u>	<u>\$ 15,250,673</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 5 - CAPITAL ASSETS *(Continued)*

Business-Type Activities:	Beginning Balance 10/1/2018	Additions	Deletions	Transfers	Ending Balance 9/30/2019
Non-depreciated Assets:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Construction in Progress	3,295,851	1,236,546	-	-	4,532,397
Depreciated and Amortized Assets:					
Buildings	1,556,390	-	-	-	1,556,390
Infrastructure and Improvements	24,618,122	196,464	(10,770)	-	24,803,816
Equipment	3,910,411	697,104	(376,705)	-	4,230,810
Software	69,953	-	-	-	69,953
Total at Historical Cost	<u>33,470,727</u>	<u>2,130,114</u>	<u>(387,475)</u>	<u>-</u>	<u>35,213,366</u>
Less Accumulated Depreciation and Amortization for:					
Buildings	699,147	49,962	-	-	749,109
Infrastructure and Improvements	14,703,548	680,799	(10,770)	-	15,373,577
Equipment	2,601,617	319,399	(376,705)	-	2,544,311
Software	56,917	6,153	-	-	63,070
Total Accumulated Depreciation and Amortization	<u>18,061,229</u>	<u>1,056,313</u>	<u>(387,475)</u>	<u>-</u>	<u>18,730,067</u>
Business-Type Activities Capital Assets, Net	<u>\$ 15,409,498</u>	<u>\$ 1,073,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,483,299</u>

Depreciation and amortization was charged to governmental activities, as follows:

General Government	\$ 79,561
Public Safety	515,382
Leisure Services	439,540
Community Development/ Redevelopment	261,764
Public Works	488,561
	<u>\$ 1,784,808</u>

Depreciation and amortization was charged to business-type activities: \$190,355 to sanitation, \$632,669 to water and sewer, and \$233,289 to marina operations.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 6 - RISK MANAGEMENT

The City is subject to losses in the normal course of operations resulting from general liability, property and casualty; workers' compensation; employee health and accident; environmental, and antitrust matters. The City has purchased commercial insurance to protect against employee health losses. The City participates in the Public Risk Management of Florida for purposes of protecting against workers' compensation losses; real and personal property losses; automobile damage; and general liability, including malpractice, and errors and omissions. The City does not self-insure against any risks. To the extent that the City has purchased commercial insurance, all risk of loss has been transferred to the insurance underwriter.

There has been no significant reduction in insurance coverage from the prior year. In addition, there have been no settlements which exceeded the City's insurance coverage for each of the past three fiscal years. The Public Risk Management of Florida is a risk pool that assumes the risk of loss for all participating members. The members are subject to additional premium assessments in the event that the risk pool requires additional funding to satisfy all claims. The City has not been assessed any additional insurance premiums during the last three years, nor is the City aware of any contingent assessments.

NOTE 7 - LONG TERM LIABILITIES

The City's long-term liabilities consist of capital leases, notes from direct borrowing, accrued compensated absences, other postemployment benefits liability, and net pension liability. The change in long term liabilities is as follows:

	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019	Due in One Year
Governmental Activities:					
Compensated Absences	\$ 736,940	\$ 410,585	\$ (352,905)	\$ 794,620	\$ 287,116
Capital Lease	436,386	241,455	(196,034)	481,807	234,763
Net Pension Liability	1,817,340	589,312	(646,327)	1,760,325	-
Total OPEB Liability	499,284	38,024	(27,149)	510,159	-
	<u>\$ 3,489,950</u>	<u>\$ 1,279,376</u>	<u>\$ (1,222,415)</u>	<u>\$ 3,546,911</u>	<u>\$ 521,879</u>
Business-Type Activities:					
Compensated Absences	\$ 129,550	\$ 71,148	\$ (62,351)	\$ 138,347	\$ 48,625
Capital Lease	28,229	744,164	(98,398)	673,995	143,084
Notes from Direct Borrowing	2,995,086	1,277,040	-	4,272,126	194,834
Total OPEB Liability	102,135	8,198	(5,851)	104,482	-
	<u>\$ 3,255,000</u>	<u>\$ 2,100,550</u>	<u>\$ (166,600)</u>	<u>\$ 5,188,950</u>	<u>\$ 386,543</u>

Governmental activities compensated absences, total OPEB liability, and net pension liability will be liquidated in future periods primarily by the General Fund.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 7 - LONG TERM LIABILITIES *(Continued)*

Notes from Direct Borrowing - State Revolving Loan

The City entered into three agreements with the Florida Department of Environmental Protection (Department) involved in major sewer system rehabilitation improvements. This is funded through the Clean Water State Revolving Fund (SRF) Loan Program protected under the Federal Clean Water Act. The loans include Sanitary Sewer Evaluation Study [SSES] Phase I Planning up to \$1,665,977 at an interest rate of 2.12%, SSES Phase II Planning up to \$601,300 at an interest rate of 1.05%, and Major Sewer Rehabilitation up to \$2,518,703 at an interest rate of .05%. All three loans have repayment beginning March 2020.

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the loan. The loan is payable solely from water and sewer customer net revenues and is payable through 2039. Rate coverage for the loan requires that the pledged revenues equal or exceed 1.15 times the sum of the semiannual loan payments due in the fiscal year. The total principal and interest to be paid on the loan is \$4,730,889. No principal and interest payments were paid during the current year; therefore, pledged revenue coverage is currently not applicable. Future debt service payments on the SRF Loan are as follows:

FY Ending	Principal	Interest
2020	\$ 194,834	\$ 41,710
2021	196,591	39,954
2022	198,380	38,164
2023	200,204	36,340
2024	202,063	34,482
2025-2029	1,039,469	143,253
2030-2034	1,091,604	91,119
2035-2039	1,148,981	33,741
	\$ 4,272,126	\$ 458,763

Under all three agreements with the State Revolving Fund, upon occurrence of an event of default, the Department may provide notice to the Florida Auditor General and Chief Financial Officer regarding delinquency of debt service payments, and intercept delinquent amounts from unobligated revenue or tax-sharing funds due to the City. The Department may impose a penalty of 18% annually on the amount due. Additionally, the Department may accelerate the repayment schedule or increase the financing rate up to 1.667 times the current rate.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2019

NOTE 7 - LONG TERM LIABILITIES (Continued)

Capital Leases

The City entered into master equipment lease/purchase agreements with Regions Bank, Bank of America and The Bancorp Bank to acquire police vehicles and sanitation equipment. The equipment's cost on a cumulative basis under these agreements is \$1,947,550. The interest rate for these agreements range from 1.91% - 2.60%. Future minimum lease payments are as follows:

FY Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 234,763	\$ 13,380	\$ 143,084	\$ 16,590
2021	164,770	5,540	146,826	12,847
2022	82,274	1,372	150,666	9,008
2023	-	-	154,606	5,067
2024	-	-	78,813	1,024
	<u>\$ 481,807</u>	<u>\$ 20,292</u>	<u>\$ 673,995</u>	<u>\$ 44,536</u>

Under the agreements with Regions Bank, upon occurrence of an event of default, title to all equipment would revert back to the bank and the bank may declare any outstanding installments immediately due and payable. The bank may terminate the agreement and all equipment must be returned to the bank, after receipt of which the bank may sell or lease the equipment and reclaim all proceeds.

Under the agreement with Bancorp Bank, upon occurrence of an event of default, the bank may declare any outstanding settlement value immediately due and payable.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS

Pension Plan Financial Statements

CITY OF GULFPORT, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2019

	General Employees' Pension	Police Officers' Pension	Fire fighters' Pension	Total
ASSETS				
Cash and Cash Equivalents:				
Short Term Investments	\$ 166,341	\$ 270,324	\$ 109,552	\$ 546,217
Total Cash and Cash Equivalents	166,341	270,324	109,552	546,217
Receivables:				
City Contributions in Transit	41,663	76,072	25,244	142,979
Additional City Contribution	106	13,528	5,276	18,910
Due From Broker	9,688	-	-	9,688
Investment Income	-	25,651	1,337	26,988
Total Receivable	51,457	115,251	31,857	198,565
Investments, at Fair Value:				
U.S. Government Obligations	-	568,936	-	568,936
Asset-backed Securities	-	1,167,702	-	1,167,702
Stocks	-	1,647,724	874,690	2,522,414
Corporate Bonds	-	2,022,803	-	2,022,803
Mutual Funds:				
Equity	10,483,357	4,624,995	2,126,899	17,235,251
Real Estate	784,662	528,182	-	1,312,844
Fixed Income	5,334,696	-	1,824,683	7,159,379
Total Investments	16,602,715	10,560,342	4,826,272	31,989,329
Total Assets	16,820,513	10,945,917	4,967,681	32,734,111
LIABILITIES				
Accounts Payable	18,867	1,458	-	20,325
Total Liabilities	18,867	1,458	-	20,325
Net Position Restricted for Pension Benefits	\$ 16,801,646	\$ 10,944,459	\$ 4,967,681	\$ 32,713,786

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Pension Plan Financial Statements *(Continued)*

CITY OF GULFPORT, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 For The Year Ended September 30, 2019

	General Employees' Pension	Police Officers' Pension	Fire fighters' Pension	Total
ADDITIONS				
Contributions				
City	\$ 185,267	\$ 345,305	\$ 114,388	\$ 644,960
Member	92,296	177,243	47,025	316,564
State	-	105,893	80,741	186,634
Total Contributions	277,563	628,441	242,154	1,148,158
Investment Income (Loss)				
Net Increase (Decrease) in Fair Value of Investments	(485,015)	174,575	93,672	(216,768)
Interest & Dividends	1,136,159	302,713	128,614	1,567,486
Less: Investment Expense ¹	(31,430)	(49,565)	(26,687)	(107,682)
Net Investment Income (Loss)	619,714	427,723	195,599	1,243,036
Total Additions	897,277	1,056,164	437,753	2,391,194
DEDUCTIONS				
Distributions to Members:				
Benefit Payments	783,730	517,344	119,171	1,420,245
Refunds of Member Contributions	11,197	129,777	-	140,974
Total Distributions	794,927	647,121	119,171	1,561,219
Administrative Expense	61,631	43,566	42,016	147,213
Total Deductions	856,558	690,687	161,187	1,708,432
Change in Net Position	40,719	365,477	276,566	682,762
Net Position - Beginning of Year	16,760,927	10,578,982	4,691,115	32,031,024
Net Position - End of Year	\$ 16,801,646	\$ 10,944,459	\$ 4,967,681	\$ 32,713,786

¹ Investment related expenses include investment advisory, custodial and performance monitoring fees.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Summary of Significant Accounting Policies

Basis of Accounting. The plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Plan Description

Plan Administration. The City contributes to three single-employer defined benefit pension plans covering all full-time City employees, which are maintained as Pension Trust Funds and reported as fiduciary funds of the City. The Council has the authority to establish and amend plan benefits. The pension plans do not issue stand-alone financial reports; however, more information on each individual plan can be found in this section. The pension plans are administered by an independent Board of Trustees and accounted for as separate funds. The accounting information with respect to these funds has been provided to the City by the insurance company and the banks, which maintain custody over their assets.

General Employees' Pension Plan (GEPP) covers all permanent, full-time City employees, except those employees covered by the Police or Fire Pension Plans, the City Manager, the Department Directors, and the City Clerk. The plan is administered by a Board of Trustees comprised of four members of the plan, two Council appointees, and the administrative services director.

Police Officers' Pension Plan (PPP) covers all non-civilian police department employees. The plan is administered by a Board of Trustees comprised of two Council appointees, two members of the department elected by membership, and the fifth member elected by the other four and appointed by Council.

Firefighters' Pension Plan (FPP) covers all firefighters. The plan is administered by a Board of Trustees comprised of two Council appointees, two members of the department elected by membership, and the fifth member elected by the other four and appointed by Council.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Plan Description *(Continued)*

Plan Membership as of October 1, 2018

	GEPP	PPP	FPP
Inactive Plan Members or Beneficiaries			
Currently Receiving Benefits	69	20	21
Inactive Plan Members Entitled to			
But Not Yet Receiving Benefits	86	10	10
Active Plan Members	79	32	13
	234	62	44

Benefits Provided

General Employees' Pension Plan (GEPP):

The GEPP provides retirement, termination and death benefits.

Normal Retirement:

Date: The attainment of age 62 with 5 years of Credited Service.

Benefit: 2.0% of Average Compensation times Credited Service.

Early Retirement:

Date: Attainment of age 55 with 5 years of Credited Service.

Benefit: Accrued Benefit on Early Retirement Date, actuarially reduced for each year that Early Retirement precedes Normal Retirement.

Termination of Employment:

Vesting Schedule:	<u>Years of Service</u>	<u>Vested %</u>
	Less than 5	0%
	5 or more	100%

Benefit: Vested Accrued benefit payable at 62 (unreduced) or Early Retirement Date (reduced).

Pre-Retirement Death Benefit:

Eligibility: 5 Years of Credited Service.

Benefit: Accrued benefit payable for 10 years beginning at the member's otherwise Early Retirement Date (reduced) or Normal Retirement Date (unreduced).

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS (*Continued*)

Plan Description (*Continued*)

Benefits Provided (Continued)

Firefighters' Pension Plan (FPP):

The FPP provides retirement, termination, disability and death benefits.

Normal Retirement:

Eligibility: Earlier of: 1) Age 55 and completion of 10 years of Credited Service
2) Age 52 and the completion of 25 years of Credited Service or
3) the completion of 30 years of Credited Service, regardless of age.

Benefit: 3.02% of Average Final Compensation times Years of Credited Service.

Early Retirement:

Eligibility: Age 50 and the completion of 10 years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit Service Incurred: Greater of: \$250 per month, accrued benefit, or 50% of average final compensation.

Benefit Non-service Incurred: Accrued Benefit.

Pre-Retirement Death Benefits:

Lesser of: 1) \$25,000, or 2) Greater of twice annual salary, 100 times projected benefit, or present value of accrued benefit.

Cost-Of-Living Adjustments:

Members who retire or terminate employment after April 21, 2009 receive 0.12% increases each year from Age 55 to Age 65.

Annual Supplemental Payment:

Each March 1, each current retiree receives a benefit increase in the amount of 3.0% of the State contribution received in the prior year, subject to a maximum increase for all retirees equal to 10.0% of the State contribution.

Chapter 175 Share Accounts:

Ordinance 2016-02 established a Share Plan and is funded by the allowable state monies determined under an annual "default" actuarial calculation.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Plan Description *(Continued)*

Benefits Provided (Continued)

Police Officers' Pension Plan (PPP):

The PPP provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of: 1) Age 55 and 10 years of Credited Service, or
2) age 52 and 25 years of Credited Service.

Benefit: 2.88% of Average Final Compensation times Credited Service.

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year for each year that Early Retirement precedes Normal Retirement.

Vesting:

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability:

Eligibility: Service Incurred: Covered from Date of Employment. Non-Service Incurred: 10 years of Credited Service.

Benefit: Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Retirement Death Benefits:

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Chapter 185 Share Accounts:

Ordinance 2016-01 established a Share Plan and is funded by the allowable state monies determined under an annual "default" actuarial calculation.

Contributions. Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. The Council has the authority to establish and amend contribution amounts. The City contributed \$184,593 to the GEPP, \$451,198 to the PPP, and \$195,129 to the FPP, including state contributions for the PPP and FPP. For the year ended September 30, 2019 the active member average contribution rate and the City's average contribution rate was as follows:

	GEPP	PPP	FPP
Active member average contribution rate	2.70%	8.00%	5.00%
City's average contribution rate	5.40%	19.90%	19.50%

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Investments

Investment Policy. The following was the Board's adopted asset allocation policy as of September 30, 2019:

	Target Allocation		
	GEPP	PPP	FPP
Domestic Equity	40%	45%	45%
International Equity	10%	15%	15%
Domestic Fixed Income	30%	35%	35%
Global Fixed Income	5%	--	--
GTAA	5%	--	--
Real Estate	5%	5%	5%
REITS	5%	--	--
	100%	100%	100%

Concentrations. The Plans did not hold investments in any one organization that represent 5 percent or more of the Plan's fiduciary net positions.

Rate of Return. For the year ended September 30, 2019 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

Money-Weighted Rate of Return		
GEPP	PPP	FPP
3.76%	4.08%	4.19%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) and Actuarial Assumptions

The City's aggregate net pension liability is \$499,707. The components of the City's \$1,760,325 net pension liability and \$(1,260,618) net pension asset of the Plans as of September 30, 2019 were as follows:

	GEPP	PPP	FPP
Total Pension Liability	\$ 15,540,922	\$ 12,606,903	\$ 5,065,562
Plan Fiduciary Net Position	16,801,540	10,944,459	4,967,681
City's Net Pension Liability (Asset)	\$ (1,260,618)	\$ 1,662,444	\$ 97,881

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.11%	86.81%	98.07%
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CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Net Pension Liability (Asset) and Actuarial Assumptions *(Continued)*

Actuarial Assumptions. The total pension liability was determined by actuarial valuations as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions applied to all measurement periods.

	GEPP	PPP	FPP
Inflation	3.00%	2.50%	3.00%
Salary Increases	3.50% - 5.50%	5.50%	Service based
Discount Rate	7.25%	7.50%	7.50%
Investment Rate of Return	7.25%	7.50%	7.50%

Mortality rates were factored using the following:

GEPP – Healthy Active Lives RP2000 Generational with Scale BB: Males – 50% white collar, 50% blue collar; Females – 100% white collar. Healthy Inactive Lives RP2000 Generational with Scale BB: Males – 50% annuitant white collar, 50% annuitant blue collar; Females – 100% annuitant white collar. Disabled Lives RP2000: Males – 100% disabled male with four-year setback; Females – 100% disabled female with two-year set forward. The significant assumptions are based upon the most recent actuarial experience study dated July 22, 2015 for the period 2007-2014.

PPP - Healthy Active Lives RP2000 Generational with Scale BB: Males – 10% combined healthy white collar, 90% combined healthy blue collar; Females – 100% combined healthy white collar. Healthy Inactive Lives RP2000 Generational with Scale BB: Males – 10% annuitant white collar, 90% annuitant blue collar; Females – 100% annuitant white collar. Disabled Lives RP2000 without projection: Males – 60% disabled male with four-year setback, 40% annuitant white collar no setback; Females – 60% disabled female with two-year set forward, 40% annuitant white collar no setback. The significant assumptions are based upon the most recent actuarial experience study dated July 20, 2017.

FPP - Healthy Active Lives RP2000 Generational with Scale BB: Males – 10% combined healthy white collar, 90% combined healthy blue collar; Females – 100% combined healthy white collar. Healthy Inactive Lives RP2000 Generational with Scale BB: Males – 10% annuitant white collar, 90% annuitant blue collar; Females – 100% annuitant white collar. Disabled Lives RP2000 without projection: Males – 60% disabled male with four-year setback, 40% annuitant white collar no setback; Females – 60% disabled female with two-year set forward, 40% annuitant white collar no setback. The significant assumptions are based upon the most recent actuarial experience study dated July 20, 2017.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Net Pension Liability (Asset) and Actuarial Assumptions *(Continued)*

Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and 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.

Best estimates of arithmetic real rates of return for each major asset class included in each Plan's target asset allocation as of September 30, 2019 are summarized in the following table:

	<u>Long Term Expected Real Rate of Return</u>		
	<u>GEPP</u>	<u>PPP</u>	<u>FPP</u>
Domestic Equity	7.5%	7.5%	7.5%
International Equity	8.5%	8.5%	8.5%
Domestic Fixed Income	2.5%	2.5%	2.5%
Global Fixed Income	3.5%	--	--
GTAA	3.5%	--	--
Real Estate	4.5%	4.5%	4.5%
REITS	2.5%	--	--

Discount Rate Sensitivity Analysis

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. The following tables present the sensitivity of the net pension liability (asset) to changes in the discount rate.

	<u>GEPP</u>		
	1% Decrease	Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Net Pension			
Liability (Asset)	\$ 575,459	\$ (1,260,618)	\$ (2,803,952)

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Net Pension Liability (Asset) and Actuarial Assumptions *(Continued)*

	<u>PPP</u>		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net Pension			
Liability (Asset)	\$ 3,430,840	\$ 1,662,444	\$ 202,667

	<u>FPP</u>		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Net Pension			
Liability (Asset)	\$ 823,153	\$ 97,881	\$ (498,675)

Net Pension Liability (Asset), Deferred Outflows/Deferred Inflows of Resources, and Pension Expense for the City's Defined Benefit Plans

The following table presents the change in net pension liability (asset) of the City's Plans as of the measurement date of September 30, 2019.

	<u>GEPP</u>	<u>PPP</u>	<u>FPP</u>	<u>Total</u>
Total Pension Liability				
Service Cost	\$ 271,856	\$ 389,379	\$ 140,184	\$ 801,419
Interest	1,089,995	931,787	363,586	2,385,368
Change in Excess State Monies	-	-	8,074	8,074
Share Plan Allocation	-	10,804	3,656	14,460
Change in Benefit Terms	-	129,476	(83,212)	46,264
Difference Between Actual and Expected Experience	(186,030)	(435,954)	(106,460)	(728,444)
Contributions - Buyback	-	-	-	-
Change of Assumptions	-	-	-	-
Benefit Payments	(794,927)	(647,121)	(119,171)	(1,561,219)
Net Change in Total Pension Liability	380,894	378,371	206,657	965,922
Total Pension Liability - Beginning	15,160,028	12,228,532	4,858,905	32,247,465
Total Pension Liability - Ending (a)	15,540,922	12,606,903	5,065,562	33,213,387
Plan Fiduciary Net Position				
Contributions - Employer	184,593	345,305	114,388	644,286
Contributions - State	-	105,893	80,741	186,634
Contributions - Member	92,296	177,043	47,025	316,364
Contributions - Buyback	-	-	-	-
Net Investment Income	619,714	427,723	195,599	1,243,036
Benefit Payments, including Refunds of Contributions	(794,927)	(647,121)	(119,171)	(1,561,219)
Administrative Expense	(61,631)	(43,366)	(42,016)	(147,013)
Net Change in Plan Fiduciary Net Position	40,045	365,477	276,566	682,088
Plan Fiduciary Net Position - Beginning	16,761,495	10,578,982	4,691,115	32,031,592
Plan Fiduciary Net Position - Ending (b)	16,801,540	10,944,459	4,967,681	32,713,680
Net Pension Liability (Asset) (a) - (b)	\$ (1,260,618)	\$ 1,662,444	\$ 97,881	\$ 499,707

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

For the year ended September 30, 2019, the City recognized pension expense of \$857,261 (\$198,697 related to the GEPP, \$732,892 related to the PPP, and \$(74,328) related to the FPP).

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	GEPP	
	<u>Deferred Outflows</u>	<u>(Deferred Inflows)</u>
Difference between expected and actual experience	49,090	(124,020)
Difference for change in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	(73,688)
	PPP	
	<u>Deferred Outflows</u>	<u>(Deferred Inflows)</u>
Difference between expected and actual experience	205,380	(418,812)
Difference for change in assumptions	160,408	-
Net difference between projected and actual earnings on plan investments	185,059	-
	FPP	
	<u>Deferred Outflows</u>	<u>(Deferred Inflows)</u>
Difference between expected and actual experience	-	(128,765)
Difference for change in assumptions	-	-
Net difference between projected and actual earnings on plan investments	95,674	-
Total All Plans	<u>\$ 695,611</u>	<u>\$ (745,285)</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 8 - PENSION PLANS *(Continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	GEPP	PPP	FPP	Net Amount
2020	\$ (180,490)	\$ 51,922	\$ (79,143)	\$ (207,711)
2021	(159,617)	112,744	(26,485)	(73,358)
2022	76,593	(18,113)	40,683	99,163
2023	114,896	(14,518)	31,854	132,232
2024	-	-	-	-
	\$ (148,618)	\$ 132,035	\$ (33,091)	\$ (49,674)

Payable to the Pension Plans

On September 30, 2019, the City reported a payable of \$18,804 for the outstanding amount of contributions the pension plans (\$5,276 FPP and \$13,528 PPP) required for the year ended September 30, 2019.

NOTE 9 - DEFINED CONTRIBUTION PLAN

The City contributes to the 401(a) Money Purchase Defined Contribution Plan (DC Plan) for participating eligible employees which include the City Manager, Department Directors, Fire Chief, Police Chief, and City Clerk hired after October 1, 1999. The DC Plan is administered by ICMA Retirement Corporation. Benefit terms, including contribution requirements, for the DC Plan are established and may be amended by the Council. For each participating employee in the DC Plan, the City must contribute 12% of annual compensation, and 15% for the City Manager. The DC Plan does not require contributions from members. For the year ended September 30, 2019, the City recognized pension expense of \$58,428. Employer contributions and earnings on those contributions are immediately 100% vested; therefore, there are no forfeitures.

NOTE 10 - DEFERRED COMPENSATION PLAN

The City offers its employees two deferred compensation plans created in accordance with Section 457, Internal Revenue Code. The plans, which are available to all City employees through the International City/County Management Association (“ICMA”) and Public Employees Benefit Services Corporation (“PEBSCO”), permit the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2019

NOTE 10 - DEFERRED COMPENSATION PLAN (*Continued*)

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the participating employees. It is the opinion of the government's legal counsel that the government has no liability for losses under the plans, but does have the duty of due care that would be required of any ordinary prudent investor.

GASB Statement No. 32 eliminates the requirement that the City report the assets of Internal Revenue Code, Section 457, plans on the statement of net position.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which superseded previous accounting and financial reporting guidance for certain postemployment healthcare and life insurance benefits provided by the City.

Plan Description, Benefit Terms and Contribution Requirements

The Other Postemployment Benefit Plan ("OPEB Plan") is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees generally have higher costs, it means that the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active employees. This is known as the "implicit rate subsidy".

Retirees and their dependents are permitted to remain covered under the City's respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. This conforms to the minimum required of Florida governmental employers per Ch. 112.08, F.S. Benefits that exceed this minimum are established and may be amended through action of the Council. The OPEB Plan does not issue a stand-alone report.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

OPEB Plan participants must reimburse the City for the City's average blended cost. Contributions requirements of the City are established and may be amended through action of the Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

At September 30, 2019, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently	
Receiving Benefits	2
Active Employees	128
	130

Total OPEB Liability and Changes in Total OPEB Liability

The measurement date for the City's total OPEB liability was September 30, 2019. The measurement period for OPEB cost was October 1, 2018 to September 30, 2019. The components of the City's net OPEB liability are as follows:

Total OPEB Liability	\$ 614,641
OPEB Plan Fiduciary Net Position	-
City's Net OPEB Liability	\$ 614,641
OPEB Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%

The components of the changes in the total OPEB liability are as follows:

	Fiscal Year
<u>Total OPEB Liability</u>	<u>2019</u>
Service Cost	\$ 43,499
Interest	21,291
Difference between Expected and Actual Experience	(23,146)
Change of Assumptions and Other Inputs	4,578
Benefit Payments	(33,000)
Net Change in Total OPEB Liability	13,222
Total OPEB Liability, Beginning	601,419
Total OPEB Liability, Ending	\$ 614,641

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Actuarial Assumptions and OPEB Liability Sensitivity to Healthcare Trend Rate

The total OPEB liability reported at September 30, 2019 was based on an actuarial valuation dated October 1, 2018 rolled forward to September 30, 2019 using the following actuarial assumptions:

Inflation	3.0% per annum
Discount Rate	3.58%
Salary Increases	3.0% per annum
Mortality Rates	RP-2014 mortality table with MP-2016 projection
Healthcare Trend Rate	Trend starting at 8.0% with .5% decrease per year to final rate of 5.0% after 7 years

Sensitivity of OPEB liability to healthcare cost trend rate

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 518,686	\$ 614,641	\$ 730,366

Discount Rate and OPEB Liability Sensitivity to Discount Rate

The discount rate used to measure the total OPEB liability reported as of September 30, 2019 was 3.58%. Because the City's OPEB costs are essentially funded on a pay-as-you-go funding structure, a municipal bond rate was used to determine the total OPEB liability for the OPEB Plan. The S&P Municipal Bond 20-Year High-Grade Rate Index was used for this purpose.

Sensitivity of OPEB liability to discount rate

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.58%	3.58%	4.58%
Total OPEB Liability	\$ 690,950	\$ 614,641	\$ 538,332

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$63,498. At September 30, 2019, the City had deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$	-	\$ 22,298
Change of Assumptions and Other Inputs		4,273	-
	\$	4,273	\$ 22,298

Deferred inflows of resources and deferred outflows of resources shown above will be recognized in OPEB expense in the following years.

Fiscal Year Ending	Net Inflows
2020	\$ 1,292
2021	1,292
2022	1,292
2023	1,292
2024	1,292
Thereafter	11,565
	\$ 18,025

NOTE 12 - COMMITMENTS

Contractual Services

The City has a Water Purchase and Sewer Treatment Agreement with the City of St. Petersburg to acquire water and have its sewage treated at prevailing wholesale rates. During the current year, the City paid the City of St. Petersburg \$4,405,747 for these services.

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits cannot presently be determined, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 12 - COMMITMENTS *(Continued)*

Litigation *(Continued)*

In October 2016, the City received a 60-day notice of violations of the Clean Water Act and notice of intent to file suit from Suncoast Waterkeeper, Inc., Our Children’s Earth Foundation and Ecological Rights Foundation. In January 2017, those named parties filed a legal action in the U.S. District Court for the Middle District of Florida seeking civil penalties and injunctive relief preventing further violations of the Clean Water Act.

On June 24, 2019 City Council approved Resolution No. 2019-32 authorizing the Mayor and appropriate Legal Counsel to finalize and execute a Settlement Agreement in accordance with the Proposed Stipulated Order of Dismissal and Court's Retention of Jurisdiction; Case No.8:17-CV-00035-SCB-AEP – Suncoast Waterkeeper, Our Children's Earth Foundation, and Ecological Rights Foundation, v. City of Gulfport. The total impact of the Clean Water Act Litigation amounts to approximately \$3,380,810. The agreement obligated the City to make settlement payments in the amount of \$674,000, as well as commit to design and construct the Lift Station 2 Force Main Extension and Pumping Improvements Project (i.e. Bypass Project) by December 31, 2022.

For the year ended September 30, 2019, the City made a settlement payment in regards to the above-mentioned matter in the amount of \$649,000, and paid \$63,022 towards the design of the Bypass Project. Subsequent to the end of the fiscal year, the City made application to secure funding from Florida Department of Environmental Protection to complete the Bypass Project.

Encumbrances

At September 30, 2019, the City has outstanding encumbrances in several funds as follows:

	Amount	Classification
<u>Major Funds:</u>		
General Fund	\$ 38,128	Assigned fund balance
Capital Projects Fund	9,658	Restricted fund balance
Sanitation	161,969	Unrestricted net position
Water and Sewer	519,290	Unrestricted net position
Marina	199,710	Unrestricted net position
<u>Nonmajor Fund:</u>		
Waterfront Redevelopment District	54,207	Restricted fund balance
	\$ 982,962	

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2019

NOTE 12 - COMMITMENTS (*Continued*)

Grants

The City receives financial assistance from federal, state, and local agencies in the form of operating and capital grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Disallowed claims, if any, resulting from such audits, may become liabilities of the City. However, in the opinion of management, disallowed claims, if any, will not have a material effect on the City's financial statements.

Construction Commitments

The City has significant construction commitments totaling \$358,502 to Miller Pipeline, and Cardno, Inc. as part of the sewer rehabilitation project at September 30, 2019.

NOTE 13 - TAX ABATEMENT

GASB Statement No. 77, *Tax Abatement Disclosures* is effective for the financial statements of the City. This statement requires disclosure of tax abatement information about the City's tax abatement agreements and those entered by other governments that would reduce the City's tax revenues. The City has evaluated this statement and has determined no agreements meet the criteria to be disclosed.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 14 - COMMUNITY REDEVELOPMENT AGENCY ("CRA")

The 49th Street Redevelopment District and Water Redevelopment District are separate districts of the City's CRA blended component unit as discussed in Note 1. In accordance with Florida Statutes, Chapter 163.387 and Chapter 218.39, the City is presenting the following information on these two nonmajor funds.

CITY OF GULFPORT, FLORIDA
GOVERNMENTAL BALANCE SHEET
COMMUNITY REDEVELOPMENT AGENCY
 September 30, 2019

	49th Street Redevelopment District	Waterfront Redevelopment District
ASSETS		
Cash and Cash Equivalents	\$ 12,089	\$ 427,007
Accounts Receivable (Net)	-	66,669
Prepays	-	838
Total Assets	\$ 12,089	\$ 494,514
LIABILITIES		
Accounts Payable	\$ -	\$ 2,817
Accrued Liabilities	126	43
Total Liabilities	126	2,860
Deferred Inflows - Unavailable Revenues	-	62,500
FUND BALANCES		
Nonspendable Prepaid Items	-	838
Restricted for Waterfront Redevelopment	-	81,433
Assigned for 49th Street Redevelopment	11,963	-
Assigned for Beach Renourishment	-	40,000
Assigned for Williams Pier	-	20,000
Assigned for Waterfront Redevelopment	-	286,883
Total Fund Balances	11,963	429,154
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,089	\$ 494,514

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2019

NOTE 14 - COMMUNITY REDEVELOPMENT AGENCY ("CRA") *(Continued)*

CITY OF GULFPORT, FLORIDA
 GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 COMMUNITY REDEVELOPMENT AGENCY
 For the Year Ended September 30, 2019

	<u>49th Street Redevelopment District</u>	<u>Waterfront Redevelopment District</u>
REVENUES		
Taxes	\$ -	\$ 337,389
Intergovernmental Revenues	-	2,898
Miscellaneous Revenues	-	545
Total Revenues	<u>-</u>	<u>340,832</u>
EXPENDITURES		
Current:		
Community Development/Redevelopment	-	321,354
Total Expenditures	<u>-</u>	<u>321,354</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>19,478</u>
Transfers In	-	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	19,478
Fund Balances - Beginning	<u>11,963</u>	<u>409,676</u>
Fund Balances - Ending	<u>\$ 11,963</u>	<u>\$ 429,154</u>

Required Supplementary Information

This financial statement section provides the following schedules:

Budgetary comparison schedule for *Major Fund*

- General Fund

Schedules for Employee Retirement Plans

- Schedules of Net Pension Liability and Related Ratios
 - Municipal Police Officers' Trust Fund
 - Firefighters' Retirement Pension Fund
 - General Employees' Pension Plan
- Schedules of Contributions
 - Municipal Police Officers' Trust Fund
 - Firefighters' Retirement Pension Fund
 - General Employees' Pension Plan
- Schedule of Investment Returns

Schedules for Employee Other Postemployment Benefits Plan

- Schedule of Changes in the City's Total OPEB Liability and Related Ratios

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CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 6,391,944	\$ 6,391,944	\$ 6,248,609	\$ (143,335)
Permits and Fees	488,987	488,987	581,437	92,450
Intergovernmental Revenues	2,040,257	2,232,433	2,201,874	(30,559)
Charges for Services	2,843,822	2,864,737	2,713,725	(151,012)
Fines and Forfeitures	94,225	94,225	83,891	(10,334)
Investment Income	35,000	35,000	62,257	27,257
Miscellaneous Revenues	446,300	560,758	474,239	(86,519)
Total Revenues	<u>12,340,535</u>	<u>12,668,084</u>	<u>12,366,032</u>	<u>(302,052)</u>
EXPENDITURES				
General Government				
Legislative	361,504	362,779	340,042	(22,737)
Legal	100,000	100,000	98,348	(1,652)
Executive	279,577	289,577	277,609	(11,968)
Financial	685,412	632,445	567,479	(64,966)
Information Technology	238,765	332,431	326,863	(5,568)
Total	<u>1,665,258</u>	<u>1,717,232</u>	<u>1,610,341</u>	<u>(106,891)</u>
Public Safety				
Fire	1,580,413	1,624,449	1,571,487	(52,962)
Police	3,802,136	3,907,553	3,921,084	13,531
Total	<u>5,382,549</u>	<u>5,532,002</u>	<u>5,492,571</u>	<u>(39,431)</u>
Recreation				
Library	690,325	704,774	649,799	(54,975)
Office of Director	67,727	68,937	68,936	(1)
Elderly Mobility Service	118,814	128,044	119,228	(8,816)
Recreation Center	740,173	715,130	574,926	(140,204)
Casino	439,461	445,258	445,259	1
Theater	218,715	218,715	208,358	(10,357)
Parks	795,405	938,552	911,651	(26,901)
Senior Center	276,350	302,785	280,944	(21,841)
Total	<u>3,346,970</u>	<u>3,522,195</u>	<u>3,259,101</u>	<u>(263,094)</u>
Community Development				
Planning & Development	291,867	291,929	257,821	(34,108)
Building Inspections	503,685	515,433	483,075	(32,358)
Total	<u>795,552</u>	<u>807,362</u>	<u>740,896</u>	<u>(66,466)</u>

Continued

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE - Continued
GENERAL FUND
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Works				
Building Maintenance	\$ 262,891	\$ 265,916	\$ 255,652	\$ (10,264)
Central Garage	666,171	455,165	436,236	(18,929)
Office of Director	144,236	144,626	124,333	(20,293)
Streets	686,373	745,573	745,573	-
Total	<u>1,759,671</u>	<u>1,611,280</u>	<u>1,561,794</u>	<u>(49,486)</u>
Total Expenditures	<u>12,950,000</u>	<u>13,190,071</u>	<u>12,664,703</u>	<u>(525,368)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(609,465)</u>	<u>(521,987)</u>	<u>(298,671)</u>	<u>223,316</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers In	600,720	634,870	634,870	-
Transfers (Out)	<u>(20,000)</u>	<u>(694,000)</u>	<u>(674,000)</u>	<u>20,000</u>
Total Other Financing Sources and (Uses)	<u>580,720</u>	<u>(59,130)</u>	<u>(39,130)</u>	<u>20,000</u>
Net Change in Fund Balance	<u>(28,745)</u>	<u>(581,117)</u>	<u>(337,801)</u>	<u>243,316</u>
Fund Balance - Beginning	<u>3,799,334</u>	<u>3,799,334</u>	<u>3,799,334</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 3,770,589</u></u>	<u><u>\$ 3,218,217</u></u>	<u><u>\$ 3,461,533</u></u>	<u><u>\$ 243,316</u></u>

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL POLICE OFFICERS' TRUST FUND
Last 10 Fiscal Years

	09/30/2019	09/30/2018	09/30/2017	09/30/2016
Total Pension Liability				
Service Cost	\$ 389,379	\$ 351,591	\$ 413,848	\$ 362,330
Interest	931,787	849,234	807,364	729,221
Change in Excess State Money	-	-	-	(2,819)
Share Plan Allocation	10,804	8,757	4,450	5,930
Changes of Benefit Terms	129,476	-	-	-
Differences Between Expected and Actual Experience	(435,954)	280,707	123,717	46,622
Changes of Assumptions	-		13,292	322,474
Contributions Buy Back	-	15,940	-	-
Benefit Payments, Including Refunds of Employee Contributions	(647,121)	(498,444)	(529,340)	(490,278)
Net Change in Total Pension Liability	378,371	1,007,785	952,331	973,480
Total Pension Liability Beginning	12,228,532	11,220,747	10,268,416	9,294,936
Total Pension Liability Ending (a)	<u>\$ 12,606,903</u>	<u>\$ 12,228,532</u>	<u>\$ 11,220,747</u>	<u>\$ 10,268,416</u>
Plan Fiduciary Net Position				
Contributions Employer	\$ 345,305	\$ 286,047	\$ 225,173	\$ 208,907
Contributions State	105,893	101,801	93,186	93,326
Contributions Employee	177,043	172,314	165,215	157,729
Contributions Buy Back	-	15,940	-	-
Net Investment Income	427,723	753,861	950,148	603,881
Benefit Payments, Including Refunds of Employee Contributions	-	-	-	-
Administrative Expense	(43,366)	(51,060)	(62,929)	(37,730)
Net Change in Plan Fiduciary Net Position	365,477	780,459	841,453	535,835
Plan Fiduciary Net Position Beginning	10,578,982	9,798,523	8,957,070	8,421,235
Plan Fiduciary Net Position Ending (b)	<u>\$ 10,944,459</u>	<u>\$ 10,578,982</u>	<u>\$ 9,798,523</u>	<u>\$ 8,957,070</u>
Net Pension Liability Ending (a) (b)	<u>\$ 1,662,444</u>	<u>\$ 1,649,550</u>	<u>\$ 1,422,224</u>	<u>\$ 1,311,346</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.81%	86.51%	87.33%	87.23%
Covered payroll	\$ 2,213,041	\$ 2,153,923	\$ 2,065,190	\$ 1,971,612
Net Pension Liability as a Percentage of Covered payroll	75.12%	76.58%	68.87%	66.51%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - Continued
MUNICIPAL POLICE OFFICERS' TRUST FUND
Last 10 Fiscal Years

	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability		
Service Cost	\$ 365,388	\$ 334,035
Interest	715,821	672,178
Change in Excess State Money	2,819	-
Changes of Benefit Terms	21,042	20,404
Differences Between Expected and Actual Experience	(420,290)	-
Benefit Payments, Including Refunds of Employee Contributions	(479,625)	(511,332)
Net Change in Total Pension Liability	<u>205,155</u>	<u>515,285</u>
Total Pension Liability - Beginning	9,089,781	8,574,496
Total Pension Liability - Ending (a)	<u><u>\$ 9,294,936</u></u>	<u><u>\$ 9,089,781</u></u>
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 280,862	\$ 409,967
Contributions - State	90,084	86,155
Contributions - Employee	154,189	146,999
Net Investment Income	(63,986)	781,414
Benefit Payments, Including Refunds of Employee Contributions	(479,625)	(511,332)
Administrative Expense	(41,565)	(32,563)
Net Change in Plan Fiduciary Net Position	<u>(60,041)</u>	<u>880,640</u>
 Plan Fiduciary Net Position - Beginning	8,481,276	7,600,636
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 8,421,235</u></u>	<u><u>\$ 8,481,276</u></u>
 Net Pension Liability - Ending (a) - (b)	<u><u>\$ 873,701</u></u>	<u><u>\$ 608,505</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.60%	93.31%
Covered payroll	1,927,761	1,837,490
Net Pension Liability as a Percentage of Covered payroll	45.32%	33.12%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - Continued
MUNICIPAL POLICE OFFICERS' TRUST FUND
Last 10 Fiscal Years

NOTES TO SCHEDULE:

The amounts presented for each fiscal year were determined as of September 30. The city implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result, this information is only available for the past six fiscal years.

Changes of benefit terms:

For measurement date 09/30/2019, Ordinance No. 2019-06 provided for an ad hoc cost-of-living adjustment (one-time increase) as of October 1, 2018 equal to 3.0% of the current benefit. This adjustment shall apply to all members that were receiving benefits on October 1, 2017, including Retirees and Beneficiaries.

PRIOR YEAR NOTES TO SCHEDULE:

Changes of assumptions:

For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from the following changes:

- The actuarial cost method was updated from The Frozen Entry Age method to The Entry Age Normal method.
- The investment rate of return assumption was decreased from 7.75% to 7.50%.
- Based on an experience study completed in June of 2017, the following assumptions were changed:
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were updated to incorporate the mortality change by the Florida Retirement System actuary effective with the July 1, 2016 FRS valuation
- The assumption that Members eligible for Normal Retirement on the valuation date would continue to work one more year was eliminated.
- The salary increase assumption was decreased from 6.0% to 5.5%.
- The rates of withdrawal were increased by 50% at each age from the prior assumption.

Additionally, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For the year ending 09/30/2016, as a result of Chapter 2015-157, Florida Statutes, the assumed rate of mortality was changed to the assumption used by the Florida Retirement System.

Changes of benefit terms:

For the year ending 09/30/2015 the benefit accrual rate has been increased from 2.87% to 2.88% for each year of Credited Service.

For the year ending 09/30/2014 the benefit accrual rate has been increased from 2.86% to 2.87% for each year of Credited Service.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' RETIREMENT PENSION FUND
Last 10 Fiscal Years

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Total Pension Liability				
Service Cost	\$ 140,184	\$ 149,429	\$ 152,339	\$ 161,384
Interest	363,586	364,329	359,763	339,327
Change in Excess State Money	8,074	8,474	8,268	9,292
Share Plan Allocation	3,656	8,882	14,290	-
Changes of Benefit Terms	(83,212)	37,711	(180,957)	(41,492)
Differences Between Expected and Actual Experience	(106,460)	(173,374)	(460,613)	(12,721)
Changes of Assumptions	-	-	66,326	75,795
Benefit Payments, Including Refunds of Employee Contributions	(119,171)	(117,392)	(117,165)	(122,139)
Net Change in Total Pension Liability	206,657	278,059	(157,749)	409,446
Total Pension Liability - Beginning	4,858,905	4,580,846	4,738,595	4,329,149
Total Pension Liability - Ending (a)	<u>\$ 5,065,562</u>	<u>\$ 4,858,905</u>	<u>\$ 4,580,846</u>	<u>\$ 4,738,595</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 114,388	\$ 92,253	\$ 153,107	\$ 148,544
Contributions - State	80,741	84,737	82,682	92,921
Contributions - Employee	47,025	44,590	46,373	47,185
Net Investment Income	195,599	294,169	454,330	241,498
Benefit Payments, Including Refunds of Employee Contributions	(119,171)	(117,392)	(117,165)	(122,139)
Administrative Expense	(42,016)	(40,958)	(43,038)	(29,214)
Net Change in Plan Fiduciary Net Position	276,566	357,399	576,289	378,795
Plan Fiduciary Net Position - Beginning	4,691,115	4,333,716	3,757,427	3,378,632
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,967,681</u>	<u>\$ 4,691,115</u>	<u>\$ 4,333,716</u>	<u>\$ 3,757,427</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 97,881</u>	<u>\$ 167,790</u>	<u>\$ 247,130</u>	<u>\$ 981,168</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.07%	96.55%	94.61%	79.29%
Covered payroll	\$ 940,505	\$ 891,807	\$ 927,464	\$ 943,708
Net Pension Liability as a Percentage of Covered payroll	10.41%	18.81%	26.65%	103.97%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - Continued
FIREFIGHTERS' RETIREMENT PENSION FUND
Last 10 Fiscal Years

	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability		
Service Cost	\$ 160,502	\$ 146,050
Interest	309,885	285,042
Change in Excess State Money	9,553	12,377
Changes of Benefit Terms	(29,384)	25,161
Differences Between Expected and Actual Experience	75,658	-
Changes of Assumptions	-	158,627
Benefit Payments, Including Refunds of Employee Contributions	<u>(153,677)</u>	<u>(124,928)</u>
Net Change in Total Pension Liability	372,537	502,329
Total Pension Liability - Beginning	3,956,612	3,454,283
Total Pension Liability - Ending (a)	<u><u>\$ 4,329,149</u></u>	<u><u>\$ 3,956,612</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 163,946	\$ 119,241
Contributions - State	95,531	123,764
Contributions - Employee	49,392	47,067
Net Investment Income	(57,458)	316,924
Benefit Payments, Including Refunds of Employee Contributions	(153,677)	(124,928)
Administrative Expense	<u>(36,745)</u>	<u>(23,058)</u>
Net Change in Plan Fiduciary Net Position	60,989	459,010
Plan Fiduciary Net Position - Beginning	3,317,643	2,858,633
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 3,378,632</u></u>	<u><u>\$ 3,317,643</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 950,517</u></u>	<u><u>\$ 638,969</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.04%	83.85%
Covered payroll	\$ 988,134	\$ 941,341
Net Pension Liability as a Percentage of Covered payroll	96.19%	67.88%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - Continued
FIREFIGHTERS' RETIREMENT PENSION FUND
Last 10 Fiscal Years

NOTES TO SCHEDULE:

The amounts presented for each fiscal year were determined as of September 30. The city implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result, this information is only available for the past six fiscal years.

Changes of Benefit Terms:

For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.181, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

Additionally, the following benefit changes have been reflected, as documented in the Actuarial Impact Statement dated December 23, 2019:

1. Decrease the benefit accrual rate for all service for Members who terminate employment on or after April 21, 2009 from 3.04% to 3.00% of Average Final Compensation per year of Credited Service, and
2. Decrease the automatic increases each year from age 55 through age 65 for all future (on or after April 21, 2009) retirees of any type and their beneficiaries from 0.22% per year to 0.02%.

PRIOR YEAR NOTES TO SCHEDULE:

Changes of Benefit Terms:

For measurement date 09/30/2018, the following benefit changes have been reflected, as documented in our Actuarial Impact Statement dated January 10, 2019:

1. Increase the benefit accrual rate for all service for Members who terminate employment on or after April 21, 2009 from 3.02% to 3.04% of Average Final Compensation for year of Credited Service, and
2. Increase the automatic increases each year from age 55 through age 65 for all future (on or after April 21, 2009) retirees of any type and their beneficiaries from 0.12% per year to 0.22%.

For measurement date 09/30/2017, amounts that were reported as benefit changes resulted from Ordinance 2009-04, that was adopted April 21, 2009 provided that if 90% of the State Monies received in any calendar year fell below \$108,435, then on the immediately following January 1st the benefit accrual rate and COLA rate would be reduced proportionally. In application of that ordinance, the benefit accrual rate decreased from 3.12% to 3.02% of Average Final Compensation for each year of Credited Service. Also, the automatic increases from age 55 through 65 for all future retirees of any type and their beneficiaries have decreased from 0.63% to 0.12%.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - Continued
FIREFIGHTERS' RETIREMENT PENSION FUND
Last 10 Fiscal Years

PRIOR YEAR NOTES TO SCHEDULE (continued):

Changes of Benefit Terms (continued):

For measurement date 09/30/2016 the benefit accrual rate has been decreased from 3.14% to 3.12% of Average Final Compensation for each year of Credited Service. The COLA rate has been decreased from 0.76% to 0.63%.

For measurement date 09/30/2015 the benefit accrual rate has been decreased from 3.16% to 3.14% of Average Final Compensation for each year of Credited Service. The COLA rate has been decreased from 0.84% to 0.76%.

For the year ending 09/30/2014 the benefit accrual rate has been increased from 3.14% to 3.16% of Average Final Compensation for each year of Credited Service. The COLA rate has been increased from 0.76% to 0.84%.

Changes of Assumptions:

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from an experience study dated July 20, 2017, the following assumptions and methods were changed:

- The actuarial cost method was updated from The Frozen Entry Age method to The Entry Age Normal method.
- The investment rate of return assumption was decreased from 7.75% to 7.50%.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were updated to incorporate the mortality change by the Florida Retirement System actuary effective with the July 1, 2016 FRS valuation.
- The assumption that Members eligible for Normal Retirement on the valuation date would continue to work one more year was eliminated.
- The salary increase assumption was changed from a flat 5.5% to a service-based table.

For measurement date 09/30/2016, as a result of Chapter 2015-157, Florida Statutes, the assumed rate of mortality was changed from the RP-2000 Combined Healthy Table to the assumption used by the Florida Retirement System. For measurement date 09/30/2014 the investment rate of return has been lowered from 8.00% to 7.75% per year, net of investment related expenses.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION PLAN
Last 10 Fiscal Years

	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total Pension Liability				
Service Cost	\$ 271,856	\$ 233,428	\$ 226,567	\$ 216,372
Interest	1,089,995	1,040,024	1,005,364	963,742
Changes of benefit terms	-	-	181,204	-
Differences Between Expected and Actual Experience	(186,030)	147,269	(61,382)	5,622
Changes of Assumptions	-	-	-	(149,200)
Contributions - Buy Back	-	-	37,041	-
Benefit Payments, Including Refunds of Employee Contributions	(794,927)	(744,843)	(727,935)	(579,725)
Net Change in Total Pension Liability	380,894	675,878	660,859	456,811
Total Pension Liability - Beginning	15,160,028	14,484,150	13,823,291	13,366,480
Total Pension Liability - Ending (a)	<u>\$ 15,540,922</u>	<u>\$ 15,160,028</u>	<u>\$ 14,484,150</u>	<u>\$ 13,823,291</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 184,593	\$ 164,641	\$ 154,351	\$ 245,147
Contributions - Employee	92,296	89,157	81,514	76,080
Contributions - Buy Back	-	-	37,041	-
Net Investment Income	619,714	1,330,123	1,909,526	1,322,566
Benefit Payments, Including Refunds of Employee Contributions	(794,927)	(744,843)	(727,935)	(579,725)
Administrative Expense	(61,631)	(56,105)	(56,001)	(61,138)
Net Change in Plan Fiduciary Net Position	40,045	782,973	1,398,496	1,002,930
Plan Fiduciary Net Position - Beginning	16,761,495	15,978,522	14,580,026	13,577,096
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,801,540</u>	<u>\$ 16,761,495</u>	<u>\$ 15,978,522</u>	<u>\$ 14,580,026</u>
Net Pension Asset - Ending (a) - (b)	<u>\$ (1,260,618)</u>	<u>\$ (1,601,467)</u>	<u>\$ (1,494,372)</u>	<u>\$ (756,735)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset Covered payroll	108.11%	110.56%	110.32%	105.47%
Net Pension Asset as a Percentage of Covered payroll	-36.88%	-48.50%	-49.50%	-26.67%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - Continued
GENERAL EMPLOYEES' PENSION PLAN
Last 10 Fiscal Years

	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability		
Service Cost	\$ 269,179	\$ 255,660
Interest	949,742	905,991
Differences Between Expected and Actual Experience	(163,109)	-
Changes of Assumptions	200,531	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(567,825)</u>	<u>(615,831)</u>
Net Change in Total Pension Liability	688,518	545,820
Total Pension Liability - Beginning	<u>12,677,962</u>	<u>12,132,142</u>
Total Pension Liability - Ending (a)	<u><u>\$ 13,366,480</u></u>	<u><u>\$ 12,677,962</u></u>
 Plan Fiduciary Net Position		
Contributions - Employer	\$ 554,653	\$ 538,169
Contributions - Employee	74,112	73,822
Net Investment Income	(274,556)	1,325,707
Benefit Payments, Including Refunds of Employee Contributions	(567,825)	(615,831)
Administrative Expense	<u>(56,985)</u>	<u>(49,667)</u>
Net Change in Plan Fiduciary Net Position	(270,601)	1,272,200
Plan Fiduciary Net Position - Beginning	<u>13,847,697</u>	<u>12,575,497</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 13,577,096</u></u>	<u><u>\$ 13,847,697</u></u>
 Net Pension Asset - Ending (a) - (b)	<u><u>\$ (210,616)</u></u>	<u><u>\$ (1,169,735)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset Covered payroll	101.58%	109.23%
Net Pension Asset as a Percentage of Covered payroll	\$ 2,705,700	\$ 2,734,138
	-7.78%	-42.78%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - Continued
GENERAL EMPLOYEES' PENSION PLAN
Last 10 Fiscal Years

NOTES TO SCHEDULE:

The amounts presented for each fiscal year were determined as of September 30. The city implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result, this information is only available for the past six fiscal years.

PRIOR YEAR NOTES TO SCHEDULE:

Changes of benefit terms:

For measurement date 09/30/2017, amounts reported as changes of benefit terms resulted from Ordinance No. 2017-14. This provided for an Ad Hoc cost-of-living adjustment (one-time increase) as of October 1, 2017 equal to 3.0% of the current benefit. This adjustment shall apply to all members that were receiving benefits on October 1, 2016, including Retirees and Beneficiaries.

Changes of Assumptions:

For measurement date 09/30/2016, as a result of Chapter 2015-157, Florida Statutes, the assumed rate of mortality was changed to the assumption used by the Florida Retirement System.

For measurement date 09/30/2015, amounts reported as changes of assumptions were resulted from lowering the investment rate of return from 7.50% to 7.25% and reducing the salary increase assumptions.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS MUNICIPAL POLICE OFFICERS' TRUST FUND
 Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2019	\$ 440,395	\$ 440,395	\$ -	\$ 2,213,041	19.90%
9/30/2018	\$ 379,090	\$ 379,090	\$ -	\$ 2,153,923	17.60%
9/30/2017	\$ 313,909	\$ 313,909	\$ -	\$ 2,065,190	15.20%
9/30/2016	\$ 297,713	\$ 297,713	\$ -	\$ 1,971,612	15.10%
9/30/2015	\$ 368,127	\$ 368,127	\$ -	\$ 1,927,761	19.10%
9/30/2014	\$ 496,122	\$ 496,122	\$ -	\$ 1,837,490	27.00%

NOTES TO SCHEDULE:

Plan information is only available for 2014 through 2019. Subsequent years will be added as available.

Valuation Date: 10/1/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Mortality Rate:

Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.
 Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
 Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection made.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2016 FRS actuarial valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS - Continued
MUNICIPAL POLICE OFFICERS' TRUST FUND
 Last 10 Fiscal Years

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES
(Continued):

Interest Rate: 7.50% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age: Earlier of Age 55 and 10 years of service or Age 52 and 25 years of services. We feel this assumption is reasonable based upon the plan provisions but do not have sufficient data to develop retirement rates at this time.

Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable based upon the plan provisions but do not have sufficient data to develop retirement rates at this time.

Disability Rates: See table below (1201). It is assumed that 75% of disablements are service related. This assumption was developed from those used by other plans containing Florida municipal Police Officers.

Termination Rates: See table below (150% of the 1304A table). This assumption was developed in conjunction with a May 1, 2008 actuarial experience study and increased by 50% with a July 2017 experience study, to more closely mirror the actual experience realized in the plan.

Salary Increases: 5.50% per year until the assumed retirement age based on July 2017 experience study, see table on following page. Projected salary at retirement is increased 20% to account for non-regular compensation. This assumption was developed from those used by other plans containing Florida municipal Police Officers.

Payroll Increases: 1.8 % per year. This assumption is in accordance with Part VII of Chapter 112, Florida Statutes.

Funding Method: Entry Age Normal Actuarial Cost Method.

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	14.0%
30	0.04%	11.8%
40	0.07%	6.4%
50	0.18%	1.7%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS - Continued
MUNICIPAL POLICE OFFICERS' TRUST FUND
 Last 10 Fiscal Years

PRIOR YEAR NOTES TO SCHEDULE:

Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2015).
 Mortality Rate: RP 2000 Combined Healthy - Sex Distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal Police Officers, we feel this assumption sufficiently accommodates future mortality improvements.
 Interest Rate: 7.75% per year compounded annually, net of investment related expenses. This assumption is in line with the national average utilized for public pension programs.
 Disability Rates: See table on previous page. It is assumed that 75% of disablements and active Member deaths are service related. This assumption was developed from those used by other plans containing Florida municipal Police Officers.
 Salary Increases: 6.0 % per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation. This assumption was developed from those used by other plans containing Florida municipal Police Officers.
 Funding Method: Frozen Entry Age Actuarial Cost Method.

Termination and Disability Rate Table:	Age	% Becoming Disabled During the Year	% Terminating During the Year
	20	0.03%	9.3%
	30	0.04%	7.9%
	40	0.07%	4.3%
	50	0.18%	1.1%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS FIREFIGHTERS' RETIREMENT PENSION FUND
 Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2019	\$ 183,399	\$ 183,399	\$ -	\$ 940,505	19.50%
9/30/2018	\$ 159,634	\$ 159,634	\$ -	\$ 891,807	17.90%
9/30/2017	\$ 217,027	\$ 213,231	\$ 3,796	\$ 927,464	22.99%
9/30/2016	\$ 228,377	\$ 232,173	\$ (3,796)	\$ 943,708	24.60%
9/30/2015	\$ 249,924	\$ 249,924	\$ -	\$ 988,134	25.29%
9/30/2014	\$ 230,628	\$ 230,628	\$ -	\$ 941,341	24.50%

NOTES TO SCHEDULE:

Plan information is only available for 2014 through 2019. Subsequent years will be added as available.

Valuation Date: 10/1/2017 (AIS 01/10/2019)

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Mortality Rate:

Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB. Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection made.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2016 FRS actuarial valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS - Continued
FIREFIGHTERS' RETIREMENT PENSION FUND
 Last 10 Fiscal Years

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES
(Continued):

Termination Rates: See table below (1302). This assumption was covered in our July 20, 2017 Actuarial Experience Study and continues to be our best estimate of future experience.

Disability Rates: See table on following page. It is assumed that 75% of disablements and active Member deaths are service related. This assumption was developed from those used by other plans containing Florida Municipal Firefighters.

Retirement Age: The earlier of attainment of age 55 with 10 years of credited service, or age 52 with 25 years of credited service, or the completion of 30 years of Credited Service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. We feel this assumption is reasonable based upon the plan provisions but do not have sufficient data to develop retirement rates.

Early Retirement: Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable based upon the plan provisions but do not have sufficient data to develop retirement rates at this time.

Interest Rate: 7.50% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases:

<u>Years of Service</u>	<u>Salary Increase</u>
0 - 4	7.0%
5 - 9	5.5%
10+	4.5%

This assumption was covered and changed in our July 20, 2017 Actuarial Experience Study.

Cost-of-Living (COLA): (COLA): 0.12% automatic increases from age 55 to 65 for all retirees and beneficiaries.

Payroll Growth: 3.0% per year. This assumption is in accordance with Part VII of Chapter 112, Florida Statutes.

Funding Method: Entry Age Normal Actuarial Cost Method.

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS - Continued
FIREFIGHTERS' RETIREMENT PENSION FUND
 Last 10 Fiscal Years

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES
(Continued):

Termination and Disability Rate Table	Age	% Becoming Disabled during the year	% Terminating During the year
	20	12.00%	0.03%
	30	10.00%	0.04%
	40	5.2%	0.07%
	50	1.6%	0.18%

PRIOR YEAR NOTES TO SCHEDULE:

Valuation Date: 10/1/2016 (AIS 03/07/2018)
 Termination Rates: See table below. This assumption was covered in our 10/16/2010 Experience Study and continues to be our best estimate of future experience.
 Amortization Method: Level Percentage of Pay, Closed.
 Remaining Amortization Period: 29 Years (as of 10/01/2015).
 Mortality: RP 2000 Combined Healthy Mortality Table. Disabled lives are set forward 5 years. Based upon other studies of municipal Firefighters, we feel this assumption sufficiently accommodates future mortality improvements.
 Cost-of-Living (COLA): 0.76% automatic increases from age 55 to 65 for all retirees and beneficiaries.
 Salary Increases: 5.5% per year until the assumed retirement age; see table below. This assumption was developed from those used by other plans containing Florida Municipal Firefighters.

Termination and Disability Rate Table:	Age	% Becoming Disabled During the Year	% Terminating During the Year
	20	12.00%	0.03%
	30	10.00%	0.04%
	40	5.20%	0.07%
	50	1.60%	0.18%

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS GENERAL EMPLOYEES' PENSION PLAN
Last 10 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a percentage of Covered Payroll
9/30/2019	\$ 184,592	\$ 184,593	\$ (1)	\$ 3,418,372	5.40%
9/30/2018	\$ 165,105	\$ 164,641	\$ 464	\$ 3,302,099	4.99%
9/30/2017	\$ 153,971	\$ 154,352	\$ (381)	\$ 3,014,032	5.11%
9/30/2016	\$ 245,146	\$ 245,147	\$ (1)	\$ 2,837,465	8.64%
9/30/2015	\$ 554,467	\$ 554,653	\$ (186)	\$ 2,705,700	20.50%
9/30/2014	\$ 571,435	\$ 571,435	\$ -	\$ 2,499,710	20.90%

NOTES TO SCHEDULE:

Plan information is only available for 2014 through 2019. Subsequent years will be added as available.

Valuation Date: 10/1/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Mortality Rates:

Healthy Active Lives:

Female: RP2000 Generational, 100% White Collar, Scale BB.

Male: RP2000 Generational, 50% White Collar / 50% Blue Collar, Scale BB.

Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years. Male: 100% RP2000 Disabled Male setback four years.

The assumed rates of mortality are mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS - Continued
GENERAL EMPLOYEES' PENSION PLAN
Last 10 Fiscal Years

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES
(Continued):

Termination Rates: See table below. This assumption was covered in our July 22, 2015 Experience Study and continues to be our best estimate of future experience.

<u>Years of Service</u>	<u>% Terminating During the Year</u>
0-1	25%
2-5	10%
6-19	7%
20+	0%

Retirement Age: See Table below. This assumption was covered in our July 22, 2015 Experience Study and continues to be our best estimate of future experience.

<u>Age</u>	<u>% Retiring During the Year</u>
62	50%
63-64	10%
65	50%
66-68	10%
69+	100%

Early Retirement: None.

Interest Rate: 7.25% per year compounded annually, net of investment related expenses. This assumption was developed based upon our July 22, 2015 Experience Study of the Plan.

Salary Increases: See table below. These rates were developed based upon our July 22, 2015 Experience Study of the Plan. Projected salary in the year of retirement is increased individually according to accrued leave at transition date.

<u>Years of Service</u>	<u>Salary Increase</u>
0-4	5.5%
5-14	4.5%
15+	3.5%

Payroll Increase
 (For UAL Amortization): None.

Funding Method: Entry Age Normal Method.

Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CONTRIBUTIONS - Continued
GENERAL EMPLOYEES' PENSION PLAN
Last 10 Fiscal Years

PRIOR YEAR NOTES TO SCHEDULE:

Valuation Date: 10/1/2016 (AIS 10/16/2017)

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Mortality Rates: **Healthy Lives:**
Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.
 Disabled Lives:
Female: 100% RP2000 Disabled Female set forward two years. Male: 100% RP2000 Disabled Male setback four years.

Amortization Method: Level Percentage of Pay, Closed.

Valuation Date: 10/1/2015

Mortality Rates: RP 2000 Combined Healthy (sex distinct) with 80% White Collar and 20% Blue Collar mix and incorporating generational mortality improvements using scale BB. Chapter 2015- 157 requires generational mortality improvements beginning with the October 1, 2016 valuation.

Interest Rate: 7.25% per year compounded annually, net of investment related expenses.

Remaining
Amortization Period: 21 Years (as of 10/01/2015)

CITY OF GULFPORT, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
 Last 10 Fiscal Years

ANNUAL MONEY-WEIGHTED RATE OF RETURN NET OF INVESTMENT EXPENSE:

Year Ended September 30	General Employees	Firefighters	Police Officers
2019	3.76%	4.19%	4.08%
2018	8.47%	6.82%	7.72%
2017	13.33%	12.14%	10.74%
2016	9.87%	7.17%	7.25%
2015	-2.00%	-1.73%	-0.74%
2014	10.61%	11.05%	10.23%

NOTES TO SCHEDULE:

The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ended September 30, 2014. As a result, this information is only available for the past six fiscal years.

CITY OF GULFPORT, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	9/30/2019	9/30/2018
Total OPEB Liability		
Service cost	\$ 43,499	\$ 46,052
Interest	21,291	20,112
Difference between expected and actual experience	(23,146)	(803)
Change of assumptions and other inputs	4,578	-
Benefit payments	(33,000)	(32,919)
Net change in total OPEB liability	13,222	32,442
Total OPEB liability - beginning	601,419	568,977
Total OPEB liability - ending	614,641	601,419
Covered- employee payroll	\$ 7,771,070	\$ 7,564,210
Total OPEB liability as a percentage of covered employee payroll	7.91%	7.95%

NOTES TO SCHEDULE:

GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

Changes of benefit terms: None

Other: Benefit payments includes Implicit Subsidy Contribution of \$33,000
Discount rate decreased to 3.58% from 3.64% in the prior year.

PRIOR YEAR NOTES TO SCHEDULE:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB75.

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Other Supplementary Information

This financial statement section provides the following schedules:

Combining balance sheet and statement of revenues, expenditures, and changes in fund balances for nonmajor special revenue funds

Budgetary comparison schedules for

Major Fund

- Capital Projects Fund

Nonmajor Funds

- Waterfront Redevelopment District

Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2019

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Taxes	\$ 1,443,000	\$ 1,417,298	\$ (25,702)
Permits and Fees	-	10,540	10,540
Intergovernmental Revenues	232,980	232,980	-
Miscellaneous Revenues	-	188	188
Total Revenues	<u>1,675,980</u>	<u>1,661,006</u>	<u>(14,974)</u>
EXPENDITURES			
General Government			
Capital Outlay	304,230	182,010	(122,220)
Public Safety			
Capital Outlay	485,132	401,026	(84,106)
Public Works			
Capital Outlay	964,692	899,319	(65,373)
Recreation			
Capital Outlay	217,281	72,481	(144,800)
Debt Service			
Principal	196,034	196,034	-
Interest	18,150	18,150	-
Total Expenditures	<u>2,185,519</u>	<u>1,769,020</u>	<u>(416,499)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(509,539)</u>	<u>(108,014)</u>	<u>401,525</u>
OTHER FINANCING SOURCES AND (USES)			
Capital Lease Issuance	252,980	241,455	(11,525)
Transfers (Out)	(99,150)	(99,150)	-
Total Other Financing Sources and (Uses)	<u>153,830</u>	<u>142,305</u>	<u>(11,525)</u>
Net Change in Fund Balance	<u>(355,709)</u>	<u>34,291</u>	<u>390,000</u>
Fund Balance - Beginning	<u>419,309</u>	<u>419,309</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 63,600</u>	<u>\$ 453,600</u>	<u>\$ 390,000</u>

CITY OF GULFPORT, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2019

	49th Street Redevelopment District	Law Enforcement Trust	Library Fund	Waterfront Redevelopment District	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	\$ 12,089	\$ 1,000	\$ 45,832	\$ 427,007	\$ 485,928
Accounts Receivable (net)	-	-	-	66,669	66,669
Prepaid Items	-	-	-	838	838
Total Assets	12,089	1,000	45,832	494,514	553,435
LIABILITIES					
Accounts Payable	-	-	-	2,817	2,817
Accrued Liabilities	126	-	-	43	169
Total Liabilities	126	-	-	2,860	2,986
DEFERRED INFLOWS					
Unavailable Revenues	-	-	-	62,500	62,500
FUND BALANCES					
Nonspendable Prepaid Items	-	-	-	838	838
Restricted for Library	-	-	45,832	-	45,832
Restricted for Law Enforcement	-	1,000	-	-	1,000
Restricted for Waterfront Redevelopment	-	-	-	81,433	81,433
Assigned for 49th Street Redevelopment	11,963	-	-	-	11,963
Assigned for Beach Renourishment	-	-	-	40,000	40,000
Assigned for Williams Pier	-	-	-	20,000	20,000
Assigned for Other Waterfront Redevelopment	-	-	-	286,883	286,883
Total Fund Balances	11,963	1,000	45,832	429,154	487,949
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 12,089	\$ 1,000	\$ 45,832	\$ 494,514	\$ 553,435

CITY OF GULFPORT, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2019

	49th Street Redevelopment District	Law Enforcement Trust	Library Fund	Waterfront Redevelopment District	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 337,389	\$ 337,389
Intergovernmental Revenues	-	-	-	2,898	2,898
Miscellaneous Revenues	-	-	1,000	545	1,545
Total Revenues	-	-	1,000	340,832	341,832
EXPENDITURES					
Current:					
Community Development/ Redevelopment	-	-	-	321,354	321,354
Total Expenditures	-	-	-	321,354	321,354
Net Change in Fund Balances	-	-	1,000	19,478	20,478
Fund Balances - Beginning	11,963	1,000	44,832	409,676	467,471
Fund Balances - Ending	\$ 11,963	\$ 1,000	\$ 45,832	\$ 429,154	\$ 487,949

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
WATERFRONT REDEVELOPMENT DISTRICT
For the Year Ended September 30, 2019

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Taxes	\$ 338,491	\$ 337,389	\$ (1,102)
Intergovernmental Revenues	65,398	2,898	(62,500)
Miscellaneous Revenues	-	545	545
Total Revenues	<u>403,889</u>	<u>340,832</u>	<u>(63,057)</u>
EXPENDITURES			
Community Development/Redevelopment			
Operating	80,000	79,598	(402)
Capital Outlay	583,983	241,756	(342,227)
Total Expenditures	<u>663,983</u>	<u>321,354</u>	<u>(342,629)</u>
Excess of Revenues Over Expenditures	<u>(260,094)</u>	<u>19,478</u>	<u>279,572</u>
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(260,094)	19,478	279,572
Fund Balance - Beginning	<u>409,676</u>	<u>409,676</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 149,582</u>	<u>\$ 429,154</u>	<u>\$ 279,572</u>

CITY OF GULFPORT, FLORIDA
SCHEDULE OF RECEIPTS AND EXPENDITURES OF
FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL
For The Year Ended September 30, 2019

<u>Source</u>	<u>Amount Received in the 2018-19 Fiscal Year</u>	<u>Amount Expended in the 2018-19 Fiscal Year</u>
British Petroleum:		
Claim No. 5000262	\$ -	\$ 28,745

Statistical Section

City of Gulfport, Florida
Statistical Section
September 30, 2019

This part of the City of Gulfport, Florida'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 City's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Note: As of September 30, 2019, the City had no long-term general bonded debt outstanding, and there has been none for the prior ten years. The City Charter has established that any general obligation borrowing must be exercised in accordance with Chapter 166, Florida Statutes.

**Schedule 1
City of Gulfport, Florida**

**NET POSITION BY COMPONENT
(accrual basis of accounting)
(in thousands)
Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Governmental activities</u>										
Net investment										
in capital assets	\$ 13,040	\$ 12,736	\$ 13,111	\$ 12,797	\$ 12,450	\$ 12,812	\$ 13,411	\$ 14,242	\$ 14,442	\$ 14,757
Restricted	316	775	606	752	690	847	438	380	508	659
Unrestricted	4,047	3,728	3,820	3,658	2,744	3,407	3,559	2,136	2,064	1,535
Total governmental activities net position	\$ 17,403	\$ 17,239	\$ 17,537	\$ 17,207	\$ 15,884	\$ 17,066	\$ 17,408	\$ 16,758	\$ 17,014	\$ 16,951
<u>Business-type activities</u>										
Net investment										
in capital assets	\$ 13,588	\$ 13,186	\$ 12,292	\$ 11,795	\$ 11,356	\$ 10,952	\$ 10,891	\$ 12,318	\$ 12,347	\$ 11,314
Restricted	164	168	169	169	516	409	702	714	188	267
Unrestricted (Deficit)	881	131	226	(32)	622	1,630	1,810	2,479	3,401	3,137
Total business-type activities net position	\$ 14,633	\$ 13,485	\$ 12,687	\$ 11,932	\$ 12,494	\$ 12,991	\$ 13,403	\$ 15,511	\$ 15,936	\$ 14,718
<u>Primary government</u>										
Net investment										
in capital assets	\$ 26,628	\$ 25,922	\$ 25,403	\$ 24,592	\$ 23,806	\$ 23,764	\$ 24,302	\$ 26,560	\$ 26,789	\$ 26,071
Restricted	480	943	775	921	1,206	1,256	1,140	1,094	696	926
Unrestricted	4,928	3,859	4,046	3,626	3,366	5,037	5,369	4,615	5,465	4,672
Total primary government, net position	\$ 32,036	\$ 30,724	\$ 30,224	\$ 29,139	\$ 28,378	\$ 30,057	\$ 30,811	\$ 32,269	\$ 32,950	\$ 31,669

Schedule 2
City of Gulfport, Florida

CHANGES IN NET POSITION
Last Ten Fiscal Years
(in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General Government	\$ 1,533	\$ 1,510	\$ 1,303	\$ 1,421	\$ 1,451	\$ 1,540	\$ 1,557	\$ 1,614	\$ 1,567	\$ 1,867
Public Safety	4,549	4,854	4,877	5,042	4,984	5,315	5,455	5,483	5,745	6,031
Recreation	3,297	2,756	2,487	2,726	2,808	2,865	3,106	3,249	3,434	3,614
Community Development - Redevelopment	923	850	787	852	886	701	1,001	1,411	812	1,063
Public Works	1,208	1,535	1,552	1,501	1,659	1,630	1,494	1,039	1,836	1,767
Interest on Long Term Debt	-	-	-	-	-	-	-	6	13	18
Total governmental activities expenses	\$11,510	\$11,505	\$11,006	\$11,542	\$11,788	\$12,051	\$12,613	\$12,802	\$13,407	\$ 14,360
Business-type activities:										
Sanitation	\$ 1,741	\$ 1,629	\$ 1,733	\$ 1,837	\$ 1,984	\$ 1,971	\$ 2,059	\$ 2,210	\$ 2,474	\$ 2,215
Water and Sewer	4,359	4,184	4,324	4,528	4,684	5,242	5,472	5,399	5,825	8,237
Marina	1,262	1,500	1,460	1,447	1,610	1,580	1,536	1,762	1,964	2,006
Total business-type activities expenses	7,362	7,313	7,517	7,812	8,278	8,793	9,067	9,371	10,263	12,458
Total primary government expenses	\$18,872	\$18,818	\$18,523	\$19,354	\$20,066	\$20,844	\$21,680	\$22,173	\$23,670	\$ 26,818
Program revenues										
Governmental activities:										
Charges for services -										
General Government	\$ 793	\$ 775	\$ 802	\$ 850	\$ 980	\$ 1,421	\$ 1,498	\$ 1,559	\$ 1,767	\$ 1,818
Public Safety	289	879	980	1,078	1,026	1,200	1,240	957	1,179	1,226
Recreation	570	513	546	635	702	694	769	763	779	772
Public Works	305	363	240	333	329	149	178	210	387	260
Operating Grants and Contributions	682	316	219	191	255	293	526	294	382	479
Capital Grants and Contribution	140	169	108	90	4	387	317	310	137	305
Total governmental activities program revenues	\$ 2,779	\$ 3,015	\$ 2,895	\$ 3,177	\$ 3,296	\$ 4,144	\$ 4,528	\$ 4,093	\$ 4,631	\$ 4,860
Business-type activities:										
Charges for Services										
Sanitation	\$ 1,772	\$ 1,801	\$ 2,017	\$ 2,030	\$ 2,035	\$ 2,218	\$ 2,184	\$ 2,247	\$ 2,330	\$ 2,339
Water and Sewer	3,830	3,829	4,313	4,253	4,720	5,215	5,167	5,798	6,091	6,233
Marina	1,564	1,650	1,556	1,541	1,760	1,672	1,742	1,936	2,217	2,150
Operating Grants and Contributions	-	-	-	-	-	-	36	225	9	335
Capital Grants and Contribution	2	4	1	-	6	122	303	839	226	11
Total business-type activities program revenues	\$ 7,168	\$ 7,284	\$ 7,887	\$ 7,824	\$ 8,521	\$ 9,227	\$ 9,432	\$11,045	\$10,873	\$ 11,068
Total primary government program revenues	\$ 9,947	\$10,299	\$10,782	\$11,001	\$11,817	\$13,371	\$13,960	\$15,138	\$15,504	\$ 15,928
Net (Expense) Revenue										
Governmental activities	\$(8,731)	\$(8,489)	\$(8,111)	\$(8,364)	\$(8,492)	\$(7,907)	\$(8,085)	\$(8,709)	\$(8,776)	\$(9,500)
Business-type activities	(194)	(29)	371	11	243	434	365	1,674	610	(1,390)
Total primary government net (expense)	\$(8,925)	\$(8,518)	\$(7,740)	\$(8,353)	\$(8,249)	\$(7,473)	\$(7,720)	\$(7,035)	\$(8,166)	\$(10,890)

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Schedule 2 - Continued
City of Gulfport, Florida

CHANGES IN NET POSITION - Continued
Last Ten Fiscal Years
(in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes:										
Ad Valorem	\$ 2,828	\$ 2,528	\$ 2,648	\$ 2,633	\$ 2,661	\$ 2,848	\$ 3,051	\$ 3,314	\$ 3,563	\$ 3,852
Franchise Fees	858	784	738	703	740	767	712	705	752	803
Utility Taxes	1,131	1,078	1,027	1,050	1,141	1,151	1,161	1,191	1,216	1,296
Communication Service Tax	551	526	520	503	454	438	416	402	405	415
Sales Tax - Infrastructure	952	917	970	1,022	1,010	1,258	1,242	1,281	1,343	1,417
Half-cent Sales Tax	611	624	631	658	692	730	764	772	799	821
Local Option Gas Tax	165	163	163	165	155	187	179	179	174	170
Other Taxes	69	65	62	69	78	70	64	69	67	72
State Revenue Sharing	349	351	353	360	372	391	398	416	425	437
Investment Income	25	16	20	5	36	33	27	37	53	62
Miscellaneous	138	152	105	98	148	1,370	203	128	177	216
Gain/(Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	14
Transfers	(100)	1,122	1,172	767	(319)	378	(47)	(433)	222	(138)
Total governmental activities	\$ 7,577	\$ 8,326	\$ 8,409	\$ 8,033	\$ 7,168	\$ 9,621	\$ 8,170	\$ 8,060	\$ 9,196	\$ 9,437
Business-type activities:										
Investment Income (loss)	\$ 6	\$ 2	\$ 4	\$ 1	\$ (1)	\$ 1	\$ -	\$ -	\$ -	\$ -
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	65	34
Transfers	100	(1,122)	(1,172)	(767)	319	(378)	47	433	(222)	138
Total business-type activities	106	(1,120)	(1,168)	(766)	318	(377)	47	433	(157)	172
Total primary government	\$ 7,683	\$ 7,206	\$ 7,241	\$ 7,267	\$ 7,486	\$ 9,244	\$ 8,217	\$ 8,493	\$ 9,039	\$ 9,609
Change in Net Position										
Governmental activities	\$ (1,155)	\$ (163)	\$ 298	\$ (330)	\$ (1,323)	\$ 1,714	\$ 85	\$ (649)	\$ 420	\$ (63)
Business-type activities	(88)	(1,149)	(798)	(754)	561	57	412	2,107	453	(1,218)
Total primary government	\$ (1,243)	\$ (1,312)	\$ (500)	\$ (1,084)	\$ (762)	\$ 1,771	\$ 497	\$ 1,458	\$ 873	\$ (1,281)

**Schedule 3
City of Gulfport, Florida**

**FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(in thousands)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>General Fund</u>										
Reserved	\$ 2,946									
Unreserved	1,695									
Nonspendable		\$ 38	\$ 33	\$ 40	\$ 178	\$ 60	\$ 51	\$ 48	\$ 72	\$ 58
Restricted		-	130	35	12	16	20	27	43	16
Committed		9	53	-	-	-	-	-	-	-
Assigned		-	-	26	-	60	17	9	58	78
Unassigned		4,278	4,347	4,216	3,248	4,330	4,184	3,415	3,626	3,310
Total General Fund	\$ 4,641	\$ 4,325	\$ 4,563	\$ 4,317	\$ 3,438	\$ 4,466	\$ 4,272	\$ 3,499	\$ 3,799	\$ 3,462
<u>All other governmental funds</u>										
Reserved	\$ 211									
Unreserved (Deficit)										
Reported in:										
Special Revenue Funds	10									
Capital Projects Fund	31									
Nonspendable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 2
Restricted		758	458	718	678	831	419	354	465	580
Assigned		37	25	47	48	174	602	475	421	359
Unassigned (Deficit)		(40)	-	-	(41)	(39)	-	-	-	-
Total All Other Governmental Funds	\$ 252	\$ 755	\$ 483	\$ 765	\$ 685	\$ 966	\$ 1,021	\$ 829	\$ 887	\$ 941

Note: Prior to the implementation of GASB Statement 54 in 2011, fund balance presented using GASB 34 classifications. Prior balances were not restated due to lack of available data.

Schedule 4
City of Gulfport, Florida

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 5,679	\$ 5,256	\$ 6,065	\$ 6,077	\$ 6,217	\$ 6,699	\$ 6,805	\$ 7,118	\$ 7,501	\$ 8,003
Permits and fees	1,003	908	180	291	255	334	401	385	585	592
Intergovernmental revenues	1,834	1,857	1,649	1,697	1,728	2,211	2,414	2,209	2,086	2,438
Charges for services	1,561	1,574	1,528	1,720	1,871	2,119	2,264	2,377	2,742	2,714
Fines and forfeitures	108	275	362	410	343	426	401	116	110	84
Investment Income	24	16	20	5	36	33	27	37	52	62
Miscellaneous revenues	309	334	265	263	333	1,566	434	344	469	476
Total revenues	\$ 10,518	\$ 10,220	\$ 10,069	\$ 10,463	\$ 10,783	\$ 13,388	\$ 12,746	\$ 12,586	\$ 13,545	\$ 14,369
Expenditures										
General government	\$ 1,356	\$ 1,331	\$ 1,255	\$ 1,353	\$ 1,387	\$ 1,421	\$ 1,432	\$ 1,520	\$ 1,489	\$ 1,610
Public safety	4,383	4,745	4,736	4,863	4,768	5,026	4,950	5,055	5,243	5,493
Public services	1,311	-	-	-	-	-	-	-	-	-
Recreation	2,786	2,649	2,226	2,473	2,564	2,860	2,698	3,015	2,979	3,259
Community development/ Redevelopment	1,384	612	571	635	699	774	1,709	1,406	1,123	1,062
Public works	-	1,350	1,329	1,343	1,397	1,185	1,180	1,225	1,586	1,562
Capital outlay	-	465	1,160	527	609	1,189	1,125	1,179	1,123	1,555
Debt service:										
Principal	-	-	-	-	-	-	-	43	115	196
Interest	-	-	-	-	-	-	-	6	13	18
Total expenditures	\$ 11,220	\$ 11,152	\$ 11,277	\$ 11,194	\$ 11,424	\$ 12,455	\$ 13,094	\$ 13,451	\$ 13,671	\$ 14,755
Excess of revenues over (under) expenditures	\$ (702)	\$ (932)	\$ (1,208)	\$ (731)	\$ (641)	\$ 933	\$ (348)	\$ (865)	\$ (126)	\$ (386)
Other financing sources (uses)										
Transfers in	\$ 1,427	\$ 1,177	\$ 1,432	\$ 1,157	\$ 1,702	\$ 734	\$ 1,267	\$ 686	\$ 631	\$ 635
Transfers out	(1,527)	(55)	(260)	(390)	(2,021)	(357)	(1,315)	(1,119)	(409)	(773)
Issuance of capital leases	-	-	-	-	-	-	-	332	263	241
Total other financing sources (uses)	\$ (100)	\$ 1,122	\$ 1,172	\$ 767	\$ (319)	\$ 377	\$ (48)	\$ (101)	\$ 485	\$ 103
Net change in fund balances	\$ (802)	\$ 190	\$ (36)	\$ 36	\$ (960)	\$ 1,310	\$ (396)	\$ (966)	\$ 359	\$ (283)
Debt service as a percentage of non-capital expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4%	1.1%	1.7%

**Schedule 5
City of Gulfport, Florida**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	Real Property			Less: Tax Exemptions	
	Residential Property	Commercial Property	Personal Property	Governmental/ Institutional	\$25,000 Homestead
2010	1,073,945,817	144,038,327	16,477,353	91,738,983	166,891,870
2011	923,293,178	127,600,207	19,592,603	85,054,875	162,965,943
2012	811,188,628	123,584,412	19,978,443	81,345,121	159,531,596
2013	814,701,325	121,735,872	19,393,717	85,386,625	155,258,784
2014	921,149,481	125,580,281	18,742,091	88,127,607	155,487,991
2015	1,041,251,353	130,259,384	18,886,102	90,811,334	157,363,084
2016	1,158,471,984	132,568,863	18,251,893	90,582,656	160,455,030
2017	1,246,940,796	135,303,673	19,314,382	89,126,722	167,873,903
2018	1,363,188,964	142,481,545	17,562,734	91,440,845	174,575,373
2019	1,467,189,529	150,551,485	18,119,786	94,740,002	177,093,595

Continued

Source: Pinellas County Property Appraiser, 2019 Final tax roll (Forms DR403V and Land Use Recaps)

**Schedule 5 - Continued
City of Gulfport, Florida**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - Continued
Last Ten Fiscal Years**

Less: Tax Exemptions		Total Taxable Assessed Value	Millage Rate *
Homestead Assessment Differential	Widows/ Disability/ Blind		
170,486,824	6,775,477	798,568,343	3.474
97,945,583	6,068,572	718,451,015	3.474
50,474,346	6,230,087	657,170,333	4.000
53,289,264	6,641,608	655,254,633	4.039
116,611,683	7,486,605	697,757,967	4.039
186,620,366	7,608,410	747,993,645	4.039
245,544,608	7,550,108	805,160,338	4.039
269,860,826	8,096,306	866,601,094	4.039
310,073,683	9,607,438	937,535,904	4.039
330,338,990	11,598,684	1,022,089,529	4.039

*The rate used in the calculation of property taxes. One mill equals \$1 per \$1,000 of taxable value. A millage of 4.039 (which is the millage in effect for the City of Gulfport) is equal to \$4.039 for each \$1,000 of taxable value on real property. The tax rate on real property based on \$1 per \$1,000 of assessed property value.

Property is assessed at actual value and therefore a separate table for assessed and actual data is not presented.

**Schedule 6
City of Gulfport, Florida**

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

City Direct Rates		Overlapping Rates					
Fiscal Year	Basic Rate	Pinellas County	Pinellas County Schools	Transit	Emerg. Medical Services	Other	Total Millage
2010	3.4742	4.8730	8.3460	0.5601	0.5832	1.5106	19.3471
2011	3.4742	4.8730	8.3400	0.5601	0.5832	1.4410	19.2715
2012	4.0000	4.8730	8.3850	0.7305	0.8506	1.2390	20.0781
2013	4.0390	5.3377	8.0600	0.7305	0.9158	1.2959	20.3789
2014	4.0390	5.3377	7.8410	0.7305	0.9158	1.2799	20.1439
2015	4.0390	5.3377	7.7700	0.7305	0.9158	1.2629	20.0559
2016	4.0390	5.3377	7.3180	0.7500	0.9158	1.2448	19.6053
2017	4.0390	5.3590	7.0090	0.7500	0.9158	1.2262	19.2990
2018	4.0390	5.3590	6.7270	0.7500	0.9158	1.2086	18.9994
2019	4.0390	5.3590	6.5840	0.7500	0.9158	1.1932	18.8410

Sources: Pinellas County Tax Collector, Pinellas County Property Appraiser

**Schedule 7
City of Gulfport, Florida**

**PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	Total Tax Levy	Current Year Tax Collections	Percentage of Levy Collected in Year	Tax Collected in Subsequent Years ¹	Total Tax Collected	Percentage of Levy Collected to Date
2010	2,776,835	2,699,875	97.2%	-	2,699,875	97.2%
2011	2,496,047	2,425,538	97.2%	-	2,425,538	97.2%
2012	2,628,681	2,567,103	97.7%	-	2,567,103	97.7%
2013	2,624,443	2,528,278	96.3%	4,738	2,533,016	96.5%
2014	2,646,579	2,554,311	96.5%	4,461	2,558,772	96.7%
2015	2,818,244	2,717,771	96.4%	18,347	2,736,118	97.1%
2016	3,021,146	2,912,132	96.4%	8,951	2,921,083	96.7%
2017	3,252,043	3,139,165	96.5%	29,885	3,169,050	97.4%
2018	3,500,202	3,384,032	96.7%	10,887	3,394,919	97.0%
2019	3,786,708	3,655,605	96.5%	3,369	3,658,974	96.6%

Sources: Pinellas County Tax Collector's reports, Pinellas County Final Tax Roll.

¹ Tax collected in subsequent years had been included in the current year tax collections for all years prior to 2013.

Schedule 8
City of Gulfport, Florida

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Property Description	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Seaside Villas Gulfport LLC	\$ 16,500,000	1	1.61%	\$ 6,100,000	1	0.76%
49th Street LLC	3,793,350	2	0.37%	-		-
Hawkeye Equity LLC	3,659,036	3	0.36%	-		-
Culby Properties South LLC	3,602,402	4	0.35%	-		-
5701 Gulfport Property LLC	2,809,341	5	0.27%	-		-
Woiteshak, Dwight	2,677,202	6	0.26%	-		-
Hornsleth, Poul & April Caldwell	2,632,818	7	0.26%	-		-
Paonessa, Jeffrey	2,516,878	8	0.25%	3,901,379	3	0.49%
J L P Management Assoc Inc	2,484,967	9	0.24%	-		-
Holmes, Michael R	2,249,059	10	0.22%	-		-
CFC Pasadena Yacht LLC	-		-	3,983,313	2	0.50%
CFC Pasadena Golf LLC	-		-	3,509,572	4	0.44%
Levine, Alan M	-		-	2,804,489	5	0.35%
Lavin, Jerome V	-		-	2,388,126	6	0.30%
Hernandez, Roberto M	-		-	2,211,753	7	0.28%
Macomber, Jane E	-		-	2,174,033	8	0.27%
Damkoehler, Gary L.	-		-	1,906,325	9	0.24%
SME Investments	-		-	1,838,667	10	0.23%
All Others	-		95.80%	-		96.14%
Total	\$ 42,925,053		100.00%	\$ 30,817,657		100.00%

Source: Pinellas County Property Appraiser tax rolls.

**Schedule 9
City of Gulfport, Florida**

**WATER SOLD BY TYPE OF CUSTOMER
Last Ten Fiscal Years**

Type of Customer	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential	2,865,646	2,903,000	2,910,549	3,040,983	2,896,639	2,852,787	2,758,757	2,828,295	2,646,964	2,643,615
Commercial	252,456	265,310	277,520	403,363	288,723	283,859	271,658	291,889	258,286	272,263
Government	106,315	102,136	104,043	113,000	111,633	110,428	113,235	112,531	108,342	107,453
Total	3,224,417	3,270,446	3,292,112	3,557,346	3,296,995	3,247,074	3,143,650	3,232,715	3,013,592	3,023,331
Total direct rate per 1,000 gallons:	\$5.02	*\$5.02	\$5.52	\$5.52	\$6.18	*\$6.92	\$6.92	\$7.14	\$7.84	\$7.84

Source: City of Gulfport Utility Billing System, Incode Software
*Corrected to properly reflect the effective date of the rate change

**Schedule 10
City of Gulfport, Florida**

**WATER AND SEWER RATES
Last Ten Fiscal Years**

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2010	10.04	5.02	12.48	6.24
*2011	10.04	5.02	12.48	6.24
2012	11.04	5.52	13.72	6.86
2013	11.04	5.52	13.72	6.86
2014	12.36	6.18	15.37	7.69
2015	13.84	6.92	17.21	8.61
*2016	13.84	6.92	17.21	8.61
2017	14.28	7.14	17.76	8.88
2018	15.68	7.84	21.32	10.66
2019	15.68	7.84	21.32	10.66

Source: City of Gulfport Utility Billing System, Incode Software

* Corrected to properly reflect the effective date of the rate change

Schedule 11
City of Gulfport, Florida

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Gulfport Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>Capital Leases</u>	<u>Capital Leases</u>	<u>State Revolving Loan</u>				
2010	-	-	-	-	-	0.0%	-
2011	-	-	-	-	-	0.0%	-
2012	-	-	-	-	-	0.0%	-
2013	-	220,778	-	220,778	347,466,018	0.1%	18
2014	-	311,607	-	311,607	356,601,490	0.1%	26
2015	-	239,633	959,120	1,198,753	366,447,480	0.3%	98
2016	-	166,409	1,457,997	1,624,406	385,109,230	0.4%	131
2017	288,561	91,918	1,563,819	1,944,298	408,689,190	0.5%	155
2018	436,386	28,229	2,995,086	3,459,701	426,431,607	0.8%	276
2019	481,807	673,995	4,272,126	5,427,928	446,273,542	1.2%	430

Sources: Per capita information for calculation of personal income obtained from University of Florida Bureau of Economic and Business Research for Pinellas County.

Debt limitation: There are no legal debt limits for Florida municipalities.

**Schedule 12
City of Gulfport, Florida**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2019**

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable^a	City's Share of Debt
DIRECT DEBT			
City of Gulfport	\$ 481,807	100.0%	\$ 481,807
Subtotal Direct Debt	<u>\$ 481,807</u>		<u>\$ 481,807</u>
OVERLAPPING DEBT			
Pinellas County School District State Bonds ^b	\$ 618,000	1.27%	\$ 7,863
Pinellas County School District Capital Leases	4,752,393	1.27%	60,468
Pinellas County Capital Leases	298,264	1.27%	3,795
Pinellas County Notes Outstanding	18,634,328	1.27%	237,099
Subtotal Overlapping Debt	<u>\$ 24,302,985</u>		<u>\$ 309,225</u>
Total Direct and Overlapping Debt	<u><u>\$ 24,784,792</u></u>		<u><u>\$ 791,032</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by Pinellas County Property Appraiser. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

^a The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

^b The School District State Bonds are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is also pledged for the bonds.

**Schedule 13
City of Gulfport, Florida**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Year	Population	Personal Income a	Per Capita Personal Income	Median Age a	Unemployment Rate b	School Enrollment c
2010	12,217	339,192,788	27,764	50.2	12.2%	2,332
2011	12,022	321,468,280	26,740	49.9	10.0%	2,126
2012	12,056	315,288,512	26,152	51.5	8.8%	2,137
2013	11,982	347,466,018	28,999	51.9	5.9%	2,339
2014	12,145	356,601,490	29,362	50.7	5.4%	2,394
2015	12,180	366,447,480	30,086	52.9	5.4%	2,289
2016	12,371	385,109,230	31,130	53.0	4.5%	2,489
2017	12,510	408,689,190	32,669	53.7	3.1%	2,493
2018	12,527	426,431,607	34,041	54.2	3.7%	2,531
2019	12,623	446,273,542	35,354	54.7	3.3%	2,502

Sources:

a - Pinellas County Economic Development

b - U.S. Bureau of Labor Statistics (*preliminary annual estimate; Tampa, St Pete, Clearwater area)

c - Pinellas County School Board (Boca Ciega High School, Gulfport Elementary School and Disston Academy)

**Schedule 14
City of Gulfport, Florida**

**PRINCIPAL EMPLOYERS (a)
Current Year and Nine Years Ago**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pinellas County School District	15,000	1	31.32%	13,850	1	34.60%
Publix	5,500	2	11.48%	-		
Bay Pines VA Healthcare System	4,000	3	8.35%	3,500	4	8.70%
Raymond James	4,000	4	8.35%	2,600	7	6.50%
Home Shopping Network	4,000	5	8.35%	4,000	3	10.00%
City of St Petersburg	3,500	6	7.31%	2,748	6	6.90%
All Children's Hospital	3,200	7	6.68%	-		
Pinellas County Board of County Commission	3,000	8	6.26%	2,041	10	5.10%
St Petersburg College	2,900	9	6.05%	-		
Morton Plant Hospital	2,800	10	5.85%	-		
Fidelity Information Services	-		-	4,000	2	10.00%
Nielsen Media Research	-		-	3,000	5	7.50%
Pinellas County Sheriff's Office	-		-	2,509	8	6.30%
Tech Data Corp.	-		-	2,500	9	6.20%
Total Employees above	<u>47,900</u>			<u>40,748</u>		
Total Employment Pinellas County	<u><u>484,182</u></u>			<u><u>400,055</u></u>		

(a) Data for the City of Gulfport is not currently available. Pinellas County is the closest large metropolitan area with data available for reporting purposes.

Source: Pinellas County Economic Development, Florida Research and Economic Information Database Application

Schedule 15
City of Gulfport, Florida

CITY FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
City Clerk	2	2	2	2	2	2	2	2	2	2
City Manager	2	2	2	2	2	2	2	2	2	2
Administrative Services	6.5	6.5	6	6	6.5	6	10	10	10	10
Information Technology	2	2	1	1	-	-	-	-	-	-
Human Resources	1	1	1	1	1	2	-	-	-	-
Public Safety										
Police	40	40	36	36	37.5	37	37.5	37.5	37.5	38.5
Fire	16.5	15.5	16.5	14.5	13.5	13.5	14.5	13.5	13.5	14.5
Recreation										
Parks	8	8	6	6	6	-	-	-	-	-
Library	9	8.75	8.75	9.75	9.75	9.75	8.5	8.75	9.75	9.25
Recreation	10.5	10.5	10.5	10.5	11	11	10.25	11.25	12.25	12.25
Senior Center	2.8	2.8	2.8	2.8	3	3	3	3.25	3.25	3.25
Gems	3.7	3.7	3.7	3.7	4	4	3.5	3.5	3	3
SPB Looper	2	2	-	-	-	-	-	-	-	-
Cultural Facilities										
Casino	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.5	3.5	3.5
Theater	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.5	3.5	3.5
Tech Events	3	1	1	1	1	1	1	1	1	1
Community Development										
Planning	1.75	1.75	1.25	1.25	2	2	2	2	3	2.67
Building	3	1	1	1	3	3	3	3	3	3.67
Code Enforcement	1.25	1.25	1.75	1.75	1.25	1.25	1.25	1.25	1.25	1.66
49th Street Corridor	1	1	0.75	0.75	0.75	0.75	0.75	0.75	0.75	-
Waterfront Redevelopment	1	1	0.75	0.75	-	-	-	-	-	-
Public Works										
Director	1	1	1	1	1	1	1	1.25	1.25	1.25
Parks	-	-	-	-	-	6	6	7	7	8.5
Streets	3	2.5	2.5	2.5	3.5	3.5	1.5	0.5	3.5	3.5
Garage	2	2	2	2	2	2	2	2	2	2.5
Building	2	2	2	2	2	2	2	2	2	2
Utilities										
Water	3.3	3.3	3.3	3.3	3.3	3.3	3.8	3.54	3.54	3.21
Sewer	3.3	3.3	3.3	3.3	3.3	3.3	3.8	3.54	3.54	3.21
Stormwater	1.25	1	1	1	1	1	1	1.67	3.67	4.34
Sanitation	14.15	13.9	14.9	13.9	13.9	13.9	15.9	17	16	16
Marina	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.5	6	6
Total	157.00	150.75	142.75	140.75	144.25	143.75	146.25	149.75	157.75	161.25

Source: City Annual Adopted Budgets

Notes:

Refers to the number of personnel authorized for an accounting period, including part-time personnel converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time recreation aide working twenty (20) hours per week for fifty-two (52) weeks a year equals .5 of a full-time position.

Schedule 16
City of Gulfport, Florida

OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Reported crime (UCR Part One)	558	590	619	596	711	661	444	633	455	528
Felony arrests *	-	-	-	-	220	168	148	173	176	152
Reported traffic crashes	151	132	124	132	105	95	104	118	114	133
Traffic violations issued *	-	-	-	-	1,477	1,520	1,053	1,137	1,445	1,518
Calls for service	34,005	33,825	23,254	25,263	27,591	29,144	21,649	29,139	27,538	29,821
Fire										
Fires extinguished	27	63	32	45	64	43	23	18	32	38
Emergency responses	2,829	2,519	2,598	2,591	2,761	3,040	3,668	2,576	2,698	3,106
Fire inspections	-	430	467	451	458	702	813	707	556	788
Sanitation										
Refuse collected (tons/day)	24.79	23.47	23.99	32.50	33.64	32.78	37.80	38.11	38.60	40.13
Recyclables collected (tons/day)	2.13	2.42	3.15	4.36	4.52	3.14	3.80	2.96	2.58	2.65
Utilities										
Average daily consumption (thousands of gallons)	989	730	981	957	951	948	964	1,003	997	1,008
Average daily sewage treatment (thousands of gallons)	1,051	996	1,062	1,147	1,050	1,323	1,299	1,013	1,028	1,131
Recreation										
Participants in after-school program	45	49	50	46	50	58	61	52	78	67
Participants in summer camp program	110	108	93	129	133	152	136	149	125	123
Library										
Circulation of materials	90,749	88,642	92,016	99,248	103,701	85,513	110,371	120,047	119,261	114,482
Reference questions	7,990	8,110	7,081	7,000	10,228	5,132	8,908	7,835	6,300	9,053
Sponsored programs	253	132	192	277	238	259	354	374	435	609
Senior Center										
Average daily attendance	250	250	250	115	175	233	240	525	599	614
Meals served daily	60	50	50	35	50	71	82	88	59	59
Reassurance calls made daily	30	25	25	13	11	11	10	10	10	12
GEMS										
Number of rides	10,454	11,124	11,109	8,132	8,760	6,811	8,300	8,502	9,624	9,659
Number of subscriptions	186	180	180	165	109	115	128	113	122	128
Number of handicapped members	103	95	95	85	87	92	102	76	73	58
Marina										
Number of wet/dry slips rented	209	192	180	265	289	290	290	290	290	281
Number of vessels fueled	3,994	4,919	5,272	4,429	5,184	5,014	5,528	5,167	5,704	6,790
Number of gallons dispensed	189,152	211,333	181,680	172,266	211,697	196,046	208,394	224,490	272,977	296,018
Number of transient rentals	-	-	-	-	197	209	303	353	304	566
Number of kayaks stored	-	-	-	-	28	32	32	24	22	29
Cultural Facilities										
Number of dances/rentals	327	323	319	317	314	329	335	328	331	340
Number of theater rentals	75	89	63	73	67	66	66	69	82	82

Sources: Various City departments

* Different operating indicators selected for tracking after 2007.

Schedule 17
City of Gulfport, Florida

CAPITAL ASSET STATISTICS BY FUNCTION PROGRAM
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Schools										
Elementary	1	1	1	1	1	1	1	1	1	1
Junior/Senior High	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	22	22	22	22	23	23	23	23
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets - Paved	67.63	67.63	67.63	67.63	67.63	67.63	67.63	67.63	*49.25	49.25
Streets - Unpaved	32	32	32	32	32	32	32	32	32	32
Streetlights	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368
Sanitation										
Collection trucks	6	6	6	7	7	8	11	11	11	12
Utilities										
Water mains (miles)	68	68	68	68	68	68	68	68	68	68
Fire hydrants	265	265	284	284	284	284	284	285	286	286
Lift stations	2	2	2	2	2	2	2	2	2	2
Sanitary sewer (miles)	105	105	105	105	105	105	105	105	105	105
Storm drain lines (miles)	23	23	23	23	23	23	23	23	23	23
Stormwater treatment lakes	2	2	2	2	2	2	2	4	4	4
Recreation										
Acreage	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75
Playgrounds	6	6	6	6	6	5	6	6	6	6
Tennis courts	2	2	2	2	2	2	2	2	2	2
Skate parks	1	1	1	1	1	-	-	-	-	1
Volleyball courts	2	2	4	5	5	4	4	4	4	6
Basketball courts	1	1	1	1	1	1	1	1	1	1
Bocce courts	2	2	1	1	1	1	1	1	1	1
Recreation buses	1	1	1	1	1	1	1	1	1	1
Library										
Catalogued items	74,438	75,250	95,393	77,113	89,339	75,546	80,948	76,868	100,071	127,834
GEMS										
Vehicles	3	4	4	4	4	4	4	4	4	4
Marina										
Number of slips	247	247	247	247	247	247	247	247	247	247
Dry storage slips	-	73	80	80	80	80	80	80	79	79

Sources: Various City departments

Note: No capital asset indicators are available for the general government function.

*All paved roads were recently inventoried which showed a reduction in City maintained lane miles. Prior to 2018 this statistic included private and County maintained paved roadways.

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Compliance Section

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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*

Honorable Mayor and Members of the City Council
City of Gulfport, Florida

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, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

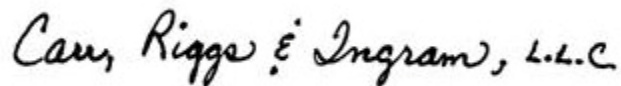
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive style.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
April 30, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

Honorable Mayor and Members of the City Council
City of Gulfport, Florida

Report on Compliance for Each Major State Project

We have audited the City of Gulfport, Florida's ("the City") compliance with the types of compliance requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2019. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects 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 the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General*, 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 state project occurred. An audit includes examining, on a test basis, evidence about the City'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 state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City 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 state project for the year ended September 30, 2019.

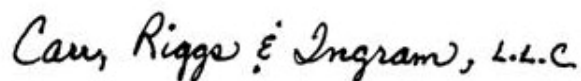
Report on Internal Control over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, 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'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 state project 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 state project 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 state project 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 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 Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



CARR, RIGGS & INGRAM, LLC

Tampa, FL
April 30, 2020

CITY OF GULFPORT, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2019

State Grantor/Pass-through Grantor/ Program Title	CSFA Number	Contract/ Grant Number	Expenditures	Amount Provided to Subrecipients
State Financial Assistance				
Florida Department of Environmental Protection:				
State Revolving Fund Program -				
*Sanitary Sewer Evaluation Survey [SSES] - Planning phase II	37.077	WW520250	\$ 64,570	\$ -
*Sanitary Sewer Major Rehabilitation Project	37.077	WW520201	971,180	-
Total Florida Department of Environmental Protection:			1,035,750	-
Total State Financial Assistance			\$ 1,035,750	\$ -

* Denotes major state financial assistance project.

NOTE 1 - GENERAL

This schedule represents the State-initiated grant activity of the City of Gulfport, Florida (the "City"), recorded by the City during the fiscal year ended September 30, 2019. For purposes of this schedule, state financial assistance includes state assistance received directly from a state agency as well as state funds received indirectly by the City from non-federal or non-state organizations. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The information in this schedule is presented in accordance with the requirements of Chapter 69I-5, Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services; and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the City.

B. Basis of Accounting

The expenditures in this schedule are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the City becomes obligated for a payment as a result of the receipt of the related goods and services.

NOTE 3 - CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures. Based upon prior experience, the City does not believe such disallowances, if any, would have a material effect on the financial position of the City. Management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed; however, the possible disallowance by a government agency of any item charged to the program cannot be determined at this time.

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CITY OF GULFPORT, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| c. Noncompliance material to the financial statements noted? | No |

State Awards:

- | | |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? | No |
| 4. Identification of major programs: | |

CFSA Number	Federal Program
37.077	Wastewater Treatment Facility Construction

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
|---|-----------|

CITY OF GULFPORT, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS- Continued
For the Year Ended September 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS

None

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415,
FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Mayor and Members of the City Council
City of Gulfport, Florida

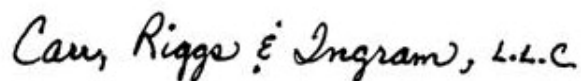
We have examined City of Gulfport, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Tampa, FL
April 30, 2020

INDEPENDENT AUDITOR’S MANAGEMENT LETTER

Honorable Mayor and Members of the City Council
City of Gulfport, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Gulfport, Florida (the “City”), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated, April 30, 2020.

Auditors’ Responsibility

We conducted our audit 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 Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No audit findings or recommendations were noted in the preceding annual financial audit report.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, FL
April 30, 2020

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