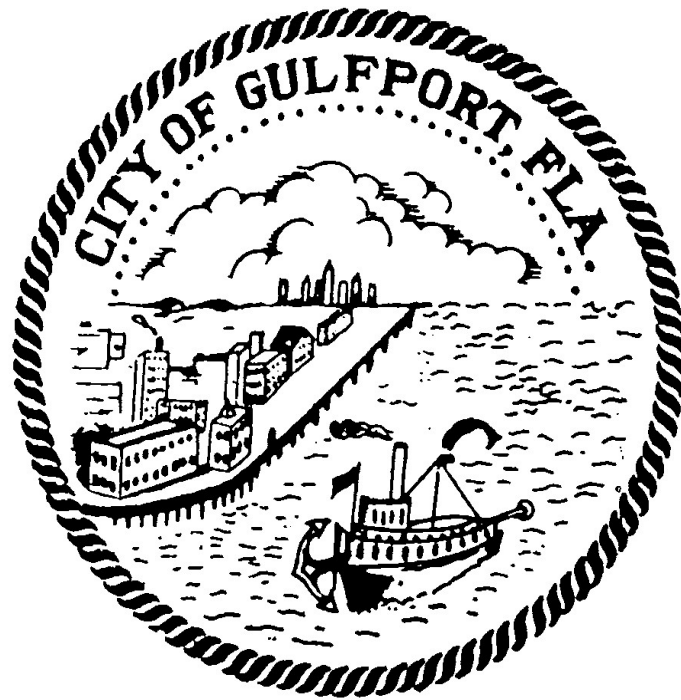


*City of Gulfport  
Florida*



*2021  
Annual Comprehensive  
Financial Report*

*Fiscal Year Ended September 30, 2021*

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Annual Comprehensive Financial Report  
of the  
City of Gulfport, Florida  
for the  
Fiscal Year Ended September 30, 2021

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



City Manager  
James E. O'Reilly

City Clerk  
Lesley DeMuth

Finance Director  
Cheryl Hannafin, CPA

Prepared by: City of Gulfport Finance Department

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**CITY OF GULFPORT, FLORIDA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
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**Year Ended September 30, 2021**

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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

March 30, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Gulfport, Florida (the "City") for the fiscal year ended September 30, 2021. 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, 2021 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 12,389 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

The biggest challenge this City has faced, and continues to be impacted by in the coming year, is the concern of the effects of the COVID-19 pandemic on the overall economy, presently these effects are unpredictable. 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. In FY20, the City recognized significant reductions in revenues specifically related to the Half Cent Sales Tax, State Revenue Sharing and other closely related revenues. In FY21 much of this revenue was restored to pre-pandemic levels as the economy continues to recover.

Values in taxable real estate this year reported assessed valuations 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 over 1.1 billion in FY 2021. Ad valorem collections mirrored taxable values. The following table illustrates the taxable real estate values and ad valorem property tax revenues over the past fourteen 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
2020	\$ 1,108,362,697	4.039	\$ 3,989,665
2021	\$ 1,192,693,980	4.039	\$ 4,325,127

The economic base of the City is primarily residential with limited commercial areas accounting for approximately 9.2% 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 2021 shows an increase of 20.3% from permits issued in fiscal year 2020.

## **Factors Affecting Financial Condition – Continued**

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 is located twenty (20) miles from Tampa International Airport and approximately ten (10) miles to St. Petersburg Clearwater International Airport. 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 recognized marine retail stores. Slip rentals and transient slip rental revenue has increased to pre-COVID 19 levels with revenue increasing from \$1,075,383 in FY20 to \$1,145,686 in FY21, and \$49,786 in FY20 to \$64,348 in FY21, respectively. Fuel and oil sales have seen a continued increase of 20.8% in comparison to FY20.

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 \$1,523,675 a 12.6% 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 2021-year end, the fund balance was \$4,600,399 while unassigned fund balance was \$4,033,413. The available unassigned fund balance was sufficient to cover this minimum requirement for FY 2021.

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 2021, a total of \$1,213,084 in PILOT transfers were approved in the budget and transferred from the Enterprise Funds.

## Relevant financial policies – *Continued*

The following chart illustrates the amount by fund of PILOT transfers to the General Fund over the past ten (10) fiscal years.

	Sanitation	Water & Sewer	Marina
FY12	127,727	539,463	454,953
FY13	350,000	546,715	375,000
FY14	467,000	325,000	300,000
FY15	304,353	349,711	471,770
FY16	219,719	60,000	98,170
FY17	-	60,000	275,000
FY18	-	-	300,000
FY19	108,000	-	494,000
FY20	121,888	378,856	99,976
FY21	244,342	433,705	535,037

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 Annual Comprehensive Financial Report (ACFR).

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 Annual Comprehensive Financial Report (ACFR).

## 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 annual comprehensive report for the fiscal year ended September 30, 2020. This was the thirty eighth 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.

**Awards and Acknowledgements – *Continued***

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.

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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

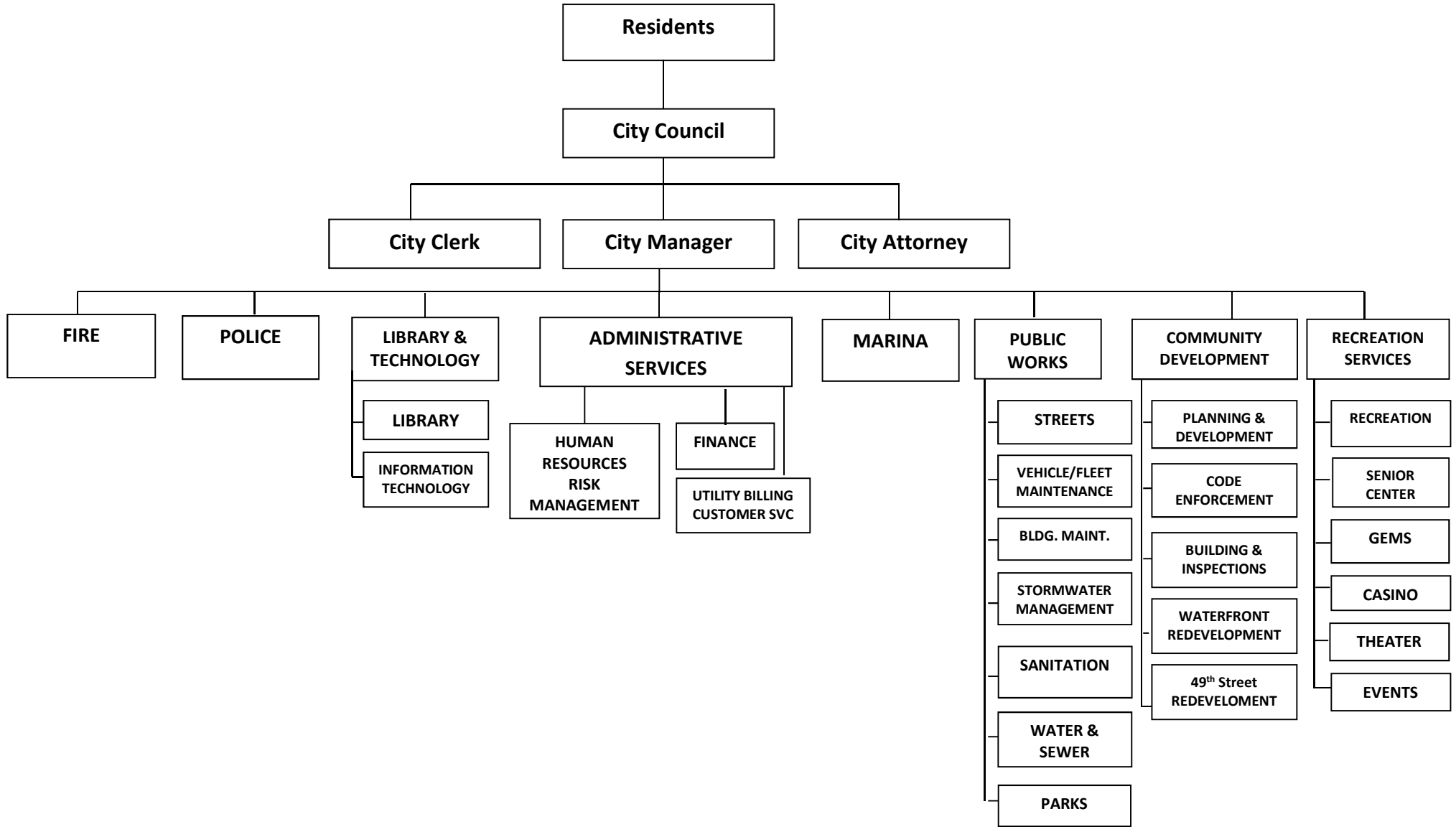
*Christopher P. Morill*

Executive Director/CEO

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# Fiscal Year 2021 - 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 City of Gulfport, Florida, as of and for the year ended September 30, 2021, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida, as of September 30, 2021, 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*

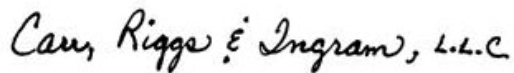
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gulfport, Florida's basic financial statements. The introductory section, budgetary comparison schedules, combining and individual nonmajor governmental funds statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and combining and individual nonmajor governmental funds statements 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 budgetary comparison schedules and combining and individual nonmajor governmental funds statements 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 March 30, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
March 30, 2022

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## CITY OF GULFPORT, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Gulfport's (City) Annual Comprehensive Financial Report (ACFR) 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 ACFR. 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 2021.
- *Liquidity* reflects the City's ability to pay current liabilities with current assets. The City maintained sufficiently prudent liquidity levels throughout FY 2021 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 2021 and at year end.
- *Debt levels and debt payments* reflect the impacts of the City's borrowing decisions. Throughout FY 2021 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 outlined 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***

**Normal Impacts - *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 2021 by \$33,774,934 (net position). Of this amount, \$3,035,925 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental fund revenues increased by \$1,437,594 or 10.1% when compared to fiscal year 2020. Governmental fund expenditures decreased by \$208,568 or -1.4% during this same period.
- Operating revenues of the City's enterprise funds increased by \$1,105,952. Operating expenses increased by \$759,152 when compared to last year.
- Notes from Direct Borrowings increased by \$621,165 or 13.5% when compared to fiscal year 2020.
- Due to the impacts of COVID-19 the City recreational facilities, including the Casino, Recreation Center and Senior Center transitioned from limited programming in FY20 to officially welcoming in-person activities in June 2021. Due to limited facility usage for the majority of FY21, program revenues are still in decline.
- The City recognized revenue in the amount of \$205,000 for the U.S. Small Business Administration Shuttered Venue Operators Grant (SVOG) program to offset revenue loss for facility closures regarding the Casino and Theater due to the COVID-19 pandemic.

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

**Financial Highlights – *Continued***

- The City recognized revenue in the amount of \$253,011 as a subrecipient of the Pinellas County CARES – Local Government Coronavirus Relief Fund (CRF) grant for salaries and wages for our public safety departments.
- The City recognized revenue in the amount of \$4,000 from the Early Learning Coalition of Pinellas County for School Readiness and \$15,000 from the Office of Early Learning for salaries and wages for the Recreation Center staff.
- From FY20 to FY21, Water and Sewer rates increased 8%, Stormwater rates increased by (\$1.00) one dollar per month and Sanitation rates increased 3%. In addition, the City implemented a new requirement in which property owners shall make a \$200 deposit upon application for water service effective October 1, 2020.
- The City’s total required pension contribution decreased overall when expressed as a percentage of total annual payroll. Due to a net favorable actuarial experience, The City’s contribution for the General Employees’ Pension Plan decreased from 5.4% in FY20 to 5.3% in FY21. The Municipal Police Officers’ Trust Fund decreased from 13.1% to 12.1%, and the Firefighters’ Retirement Pension Fund decreased from 10% to 8.1%.
- Staffing levels reflected a City-wide increase of 4 full time equivalent positions. Positions were added in the Police, Library, Marina, and Community Development departments.
- An increase in the amount of \$179,690 was recognized in funding from Pinellas county for Emergency Medical Services to fund Rescue 17 (R-17). FY21 was the first full year that R-17 was in service.
- On February 10, 2021 the City entered into an agreement with the Florida Department of Environmental Protection for a reimbursement-type loan up to \$2,980,071 to fund the Lift Station 2 Force Main Extension and Lift Station Improvements project.
- The City funded an additional \$25,000 in FY21 to provide for our current Pollution Prevention (P2) Project “Private Lateral Replacement Assistance Program.”

**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.

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

**Government-wide Financial Statements - *Continued***

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, and 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 reflects 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.

**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 \$33,774,934 (net position).

A large portion of the City's net position (78.1%) 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 portion of the City's net position (12.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,035,925 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.

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS – *Continued***

**Statement of Net Position - *Continued***

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 8,929,323	\$ 5,967,027	\$ 5,532,265	\$ 4,290,098	\$ 14,461,588	\$ 10,257,125
Capital Assets (Net)	14,939,559	15,348,711	17,307,317	17,573,243	32,246,876	32,921,954
Total Assets	<u>23,868,882</u>	<u>21,315,738</u>	<u>22,839,582</u>	<u>21,863,341</u>	<u>46,708,464</u>	<u>43,179,079</u>
Deferred Outflows of Resources	1,058,528	344,667	335,081	230,088	1,393,609	574,755
Current and other liabilities	712,302	511,571	1,296,491	1,344,120	2,008,793	1,855,691
Long-term Liabilities	2,227,103	2,742,928	5,939,546	5,463,933	8,166,649	8,206,861
Total Liabilities	<u>2,939,405</u>	<u>3,254,499</u>	<u>7,236,037</u>	<u>6,808,053</u>	<u>10,175,442</u>	<u>10,062,552</u>
Deferred Inflows of Resources	3,439,473	1,037,702	712,224	99,627	4,151,697	1,137,329
Net Position:						
Net Investment in Capital Assets	14,801,407	15,101,309	11,589,255	12,084,867	26,390,662	27,186,176
Restricted	3,000,845	426,179	1,347,502	140,322	4,348,347	566,501
Unrestricted	746,280	1,840,716	2,289,645	2,960,560	3,035,925	4,801,276
Total Net Position	<u>\$ 18,548,532</u>	<u>\$ 17,368,204</u>	<u>\$ 15,226,402</u>	<u>\$ 15,185,749</u>	<u>\$ 33,774,934</u>	<u>\$ 32,553,953</u>

Total capital assets decreased by \$675,078 mainly as a result of current year acquisition of assets being less than current year depreciation expense. This decrease is largely a result of a delay in the scheduling of a major capital project due to supply chain interruptions as a result of COVID-19. Infrastructure improvements are described in further detail in the capital assets discussion.

Total long-term liabilities decreased by \$40,212. Governmental Activities reported a net decrease of \$515,825 while Business-Type Activities reported a net increase of \$475,613. The most notable differences are a net decrease of \$463,008 in the Net Pension Liability within Governmental Activities due to differences between actual and expected experience, as well as changes in actuarial assumptions. A portion of that decrease was offset by an increase to long-term liabilities in Business-Type Activities in the amount of \$621,165 as a result of continuing the construction phase of major sewer system rehabilitation improvements funded through the Florida Department of Environmental Protection State Revolving Loan discussed in further detail in the long-term debt discussion.

As of September 30, 2021, 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. Additionally, the City implemented a change in reporting that resulted in a reclassification of net pension assets within the total primary government of \$3,637,827 from unrestricted to restricted net position.

The City's overall financial position has improved from the prior year with an increase of \$1,220,981 in net position compared to the previous year. Of this an increase of \$40,653 relates to the business-type activities and an increase of \$1,180,328 relates to the governmental activities. Additional details of these variances can be found in the *Current Year Impacts* and *Financial Analysis of the City's Funds*.

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS – *Continued***

**Changes in Net Position**

The following schedule reflects the changes in net position for Governmental and Business-Type activities:

	<b>STATEMENT OF ACTIVITIES</b>					
	<b>For the Year Ended September 30</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 4,350,188	\$ 4,049,866	\$ 12,899,680	\$ 11,793,728	\$ 17,249,868	\$ 15,843,594
Operating Grants and Contributions	523,734	539,114	8,284	9,038	532,018	548,152
Capital Grants and Contributions	105,166	48,820	17,573	311,223	122,739	360,043
<b>General Revenues:</b>						
Property Taxes	4,568,379	4,213,295	-	-	4,568,379	4,213,295
Utility Taxes and Franchise	2,661,554	2,594,109	-	-	2,661,554	2,594,109
Sales, Use, and Other Taxes	3,121,712	2,737,211	-	-	3,121,712	2,737,211
Investment Income	8,941	32,786	36	264	8,977	33,050
Other	180,592	168,142	40,184	-	220,776	168,142
<b>Total Revenues</b>	<u>15,520,266</u>	<u>14,383,343</u>	<u>12,965,757</u>	<u>12,114,253</u>	<u>28,486,023</u>	<u>26,497,596</u>
<b>EXPENSES</b>						
General Government	1,901,540	1,846,075	-	-	1,901,540	1,846,075
Public Safety	6,794,961	6,230,169	-	-	6,794,961	6,230,169
Recreation	3,382,176	3,457,198	-	-	3,382,176	3,457,198
Community Development / Redevelopment	1,172,776	1,088,245	-	-	1,172,776	1,088,245
Public Works	1,923,162	1,994,887	-	-	1,923,162	1,994,887
Interest on Long Term Debt	5,163	13,228	-	-	5,163	13,228
Sanitation	-	-	2,283,969	2,397,556	2,283,969	2,397,556
Water and Sewer	-	-	7,240,218	6,794,068	7,240,218	6,794,068
Marina	-	-	2,561,077	2,107,499	2,561,077	2,107,499
<b>Total Expenses</b>	<u>15,179,778</u>	<u>14,629,802</u>	<u>12,085,264</u>	<u>11,299,123</u>	<u>27,265,042</u>	<u>25,928,925</u>
<b>Excess (Deficiency)</b>						
<b>Before Transfers and Special Item</b>	340,488	(246,459)	880,493	815,130	1,220,981	568,671
Special Item	-	-	-	316,190	-	316,190
Transfers	839,840	663,476	(839,840)	(663,476)	-	-
<b>Change in Net Position</b>	<u>1,180,328</u>	<u>417,017</u>	<u>40,653</u>	<u>467,844</u>	<u>1,220,981</u>	<u>884,861</u>
<b>Net Position - Beginning</b>	<u>17,368,204</u>	<u>16,951,187</u>	<u>15,185,749</u>	<u>14,717,905</u>	<u>32,553,953</u>	<u>31,669,092</u>
<b>Net Position - Ending</b>	<u>\$ 18,548,532</u>	<u>\$ 17,368,204</u>	<u>\$ 15,226,402</u>	<u>\$ 15,185,749</u>	<u>\$ 33,774,934</u>	<u>\$ 32,553,953</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 \$341,288 from the prior year. Of the overall increase, charges for services reported an increase of \$300,322. Some notable increases include the Emergency Medical Services ALS First Responder Contract within Public Safety as well as the Building Permit charges for services.

General revenues increased by \$795,635 in FY 2021 most significantly due to additional ad valorem proceeds based on an increase to the taxable value of real and personal property as well as increases in Half Cent Sales Tax and Infrastructure Tax. Additional details can be found later in the discussion of the financial analysis of the individual governmental funds.

Business-type activities overall net position increased by \$40,653. Revenues generated from charges for services increased by \$1,105,952 over the previous fiscal year and operating expenses increased by \$786,141. Further 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 September 30, 2021, the governmental funds reported a combined fund balance of \$5.7 million, which is a 37.8% increase when compared to the previous year combined fund balance of \$4.1 million. As of fiscal year-end, the revenues exceeded the expenditures by \$725,349, before transfers and other sources, in all governmental funds combined.

The General Fund contributed the most to the increase by closing the fiscal year with an increase to fund balance of \$1,278,073 after transfers. This is largely due to an increase in intergovernmental revenues, as the City was a recipient of COVID-19 relief grants, as well as taking a conservative approach to spending following the instability of the pandemic.

The General Fund is the chief operating fund of the City. The General Fund had a total fund balance of \$4,600,399 at year end 2021. In accordance with GAAP, the City's fund balances are allocated as follows: non-spendable for prepaid items and inventories of \$45,521, restricted for various purposes \$494,758, assigned for various purposes \$1,137,242, and unassigned, available for unforeseen emergencies and is considered necessary for the City of \$4,033,413.

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 29.8% of the total general fund expenditures, while total fund balance represents 34.0% of that same amount. The City's minimum fund balance policy is to maintain an unassigned General Fund balance equal 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***

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

Governmental Funds - *Continued*

The most notable increases to revenue in the General Fund include

- An increase in ad valorem proceeds from the prior year of \$320,438 based on an increase to the taxable value of real and personal property of 8.39%.
- The City recognized revenue in the amount of \$253,011 as a subrecipient of the Pinellas County CARES – Local Government Coronavirus Relief Fund (CRF) grant for salaries and wages for our public safety departments.
- The City recognized revenue in the amount of \$205,000 from the U.S Small Business Administration's Office of Disaster Assistance for the Shuttered Venue Operators Grant (SVOG) in relation to the Casino and Theater venues.
- Revenue received from building permits and fees increased by \$127,240 when compared to the prior year as a result of an overall increase in permit activity, as well as a general increase in the valuation of the cost of construction which is used to calculate the permit fee.

General Fund expenditures before transfers increased by \$265,420 over the prior fiscal year. The increase is comprised significantly of additional staffing levels of three full time equivalent positions in the General Fund. Positions were added in the Police, Library, and Community Development departments.

- Collective bargaining agreements with public safety, both Police and Fire, continued with previously approved step plan salary increases. Additionally, a 3% cost of living increase on all general City personnel wages was implemented. Rates for the cost of overall insurance coverage for property, workers compensation, general liability, automotive liability, and public official liability amounts increased 11.18% in total. The City's Employee Health Insurance cost increased 3.5% across all funds.

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. Revenue from Penny for Pinellas increased from \$1,353,155 in FY20 to \$1,523,675 in FY21 as a result of increased taxable sales as the economy continues to recover from the COVID-19 pandemic. The Capital Projects Fund finished the fiscal year with a net increase to fund balance of \$186,802, and when considering encumbrances would amount to an increase of \$163,085.

Enterprise Funds

The City's enterprise funds include the City's Sanitation Fund, Water and Sewer Fund, and Marina Fund. Total net position for the enterprise funds increased by \$40,653 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.



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

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

Enterprise Funds - *Continued*

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 \$69,923 compared to a decrease of \$196,723 in FY20.

Due to the COVID-19 pandemic and Executive Orders 20-68 and 20-71 released by the Office of the Governor, non-essential businesses were ordered to reduce capacity therefore resulting in a sharp reduction of commercial weekly sanitation pick-ups in FY20. In FY21 much of this revenue was restored as the City experienced pre-pandemic levels of commercial sanitation pick-ups as the economy continues to recover.

On October 1, 2020, Pinellas County Solid Waste increased rates for municipal solid waste, commercial and yard waste by an average of 6%, these disposals types are known as tipping fees. The Sanitation department provides commercial and bulk solid waste collection and deposits this waste with Pinellas County. As a result, the City adopted a 3% increase to sanitation rates to offset the rising cost in FY21.

The Marina Fund is used to account for the operations of the City's Municipal Marina. The Marina Fund had a decrease in net position of \$181,664 in comparison to the prior year decrease of \$69,045.

The most significant factors that contribute to the decreases in net position are related to transfers out. In FY20 the Marina transferred \$225,000 to the Waterfront Redevelopment Fund to support the engineering and construction services for the Williams Pier Rehabilitation Project. In FY21 the Marina PILOT transfer was \$535,037 to support the conservative revenue estimates made as a result of the pandemic. In addition, the General Fund approved a transfer of \$80,000 to the Marina to support the Marina Ship Store Solar Project.

Slip rental revenue increased from \$1,075,383 in FY20 to \$1,145,686 in FY21 due to increased demand. Transient slip rental revenues have increased to pre-pandemic levels, with revenue increasing from \$49,786 in FY20 to \$64,348 in FY21. Fuel and oil sales have increased by 20.8%, from 1,047,602 in FY20 to 1,266,398 in FY21.

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 an increase in net position of \$152,394 as compared to an increase of \$733,612 in FY20. The following explains the increase in net position from FY20 to FY21:

The increase in net position in FY20 was largely a result of two components. The first was an error in wholesale billing by the City's provider, in which, during FY19, there was an overpayment of \$316,190 which was recovered in FY20. The other was a result of the City recognizing revenue in the amount of \$300,000 from the State of Florida Department of Environmental Protection to provide funding for the PYCC Culvert Replacement (Phase II) Project in FY20.

In FY21 wholesale rates decreased 1.59% and increased 11.84% for wholesale water and wholesale wastewater rates respectively. Subsequently, as part of the revenue sufficiency analysis the City increased water and wastewater rates by 8% from FY20 to FY21 and stormwater rates increased by (\$1.00) one dollar per month.

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

**BUDGETARY HIGHLIGHTS – GENERAL FUND**

<b>Expenditures</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,786,794	\$ 1,852,523	\$ 65,729
Public Safety	6,167,296	6,328,270	160,974
Recreation	3,730,491	3,747,870	17,379
Community Development /			
Redevelopment	999,994	965,206	(34,788)
Public Works	1,899,886	1,737,414	(162,472)
Transfers Out	20,000	100,000	80,000
	<u>\$ 14,604,461</u>	<u>\$ 14,731,283</u>	<u>\$ 126,822</u>

The General Fund final budget in total increased by \$126,822 from the original budget. The largest components of the change were an approved transfer of \$80,000 from the General Fund to the Marina to support the Ship Store Solar Project as well as authorization to spend the accumulated \$22,905 of Tree Bank funds.

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

	Final Budget		Change
	2021	2020	
General Government	\$ 1,852,523	\$ 2,097,270	\$ (244,747)
Public Safety	6,328,270	5,978,085	350,185
Recreation	3,747,870	3,671,811	76,059
Community Development /			
Redevelopment	965,206	996,426	(31,220)
Public Works	1,737,414	1,594,020	143,394
Transfers Out	100,000	20,000	80,000
	<u>\$ 14,731,283</u>	<u>\$ 14,357,612</u>	<u>\$ 373,671</u>

Final budgeted expenditures, including transfers out, for the General Fund increased by \$373,671 over the prior fiscal year final budget. Much of this growth is comprised of an increase in staffing levels of three full time equivalent positions in the General Fund. Positions were added in the Library, Community Development, and Police Departments. Additional details can be found earlier in the discussion of the financial analysis of the individual governmental funds.

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

**BUDGETARY HIGHLIGHTS – GENERAL FUND - *Continued***

**GENERAL FUND**

**For the Year Ended September 30, 2021**

<b>Expenditures</b>	<u>Actual</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,746,774	\$ 1,852,523	\$ (105,749)
Public Safety	6,106,226	6,328,270	(222,044)
Recreation	3,252,195	3,747,870	(495,675)
Community Development / Redevelopment	820,408	965,206	(144,798)
Public Works	1,605,912	1,737,414	(131,502)
Transfers Out	80,000	100,000	(20,000)
	<u>\$ 13,611,515</u>	<u>\$ 14,731,283</u>	<u>\$ (1,119,768)</u>

Actual fiscal year 2021 net change in fund balance, including transfers, for the General Fund were less than the final budgeted net change in fund balance by \$1,119,768. A significant component of the unspent budget dollars is associated with the COVID-19 pandemic, including the unexpected low cost of fuel as well as closures of the City’s Recreational facilities through June 1, 2021. In addition, there was a reduction in 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.

**CAPITAL ASSETS**

Due to the continuing COVID-19 pandemic, the City chose to take a conservative approach to funding projects during FY21. As of September 30, 2021, the City had \$32,246,876 invested in a variety of capital assets as compared to \$32,921,954 as of September 30, 2020. This represents a net decrease of \$675,078 or -1.98% from the prior year. Governmental activities contributed to 59% of this decrease while business-type activities contributed to 41%. Notable projects for FY21 are as follows:

- Fire – Roof replacement
- Fire – Nozzles & Mobile radio replacements
- Parks, Streets, Utilities and Police vehicles
- Engineering & Construction services – Williams Pier
- Street paving and resurfacing
- Recreation – Completion of the Tonkin Park Playground Shade Sails project
- Recreation – A/C Replacement
- Garage – City Hall Complex Fuel Dispensers & Fueling software
- Marina – Kubota recreational vehicle
- Marina – Basin Fence & Camera Project
- Marina – Solar Project
- Police – K-9’s and K-9 equipment
- Police – Replacement Navigation System on police boat
- Completion of the Pasadena Culvert Phase II
- Wastewater Treatment Facility Phase I Construction and Priority II repairs
- Engineering & Design of the Lift Station 2 Force Main Extension and Lift Station Improvement
- Sanitation – Rearloader & GPS equipment
- Water & Sewer – High Pressure Sewer Cleaner
- Sewer – Manhole Rehabilitation & Replacement

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

**CAPITAL ASSETS – *Continued***

Construction in Progress within the Governmental Activities of \$833,130 includes projects that remain in CIP from the prior year such as engineering and construction services for Williams Pier, architectural design services for the Senior Center, and design and engineering services for the 49<sup>th</sup> Street Generator Project. New projects that have contributed to the increase are the City Hall Generator project, replacement of the A/C unit at the Recreation Center and engineering services for the Senior Center roof.

Construction in Progress within the Business-Type Activities amounts to \$6,165,747. Some of the significant projects that comprise this balance include:

- Sanitary Sewer Evaluation Survey Planning Phase II which includes closed circuit television investigations and recommendations for repair and rehabilitation of the collection systems.
- Sanitary Sewer Major Rehabilitation Project which includes open cut and trenchless work including root removal, liner installations, grouting and program management for the City's wastewater utilities system.
- Lift Station #2 Force Main Extension and Pumping Improvements (i.e. Bypass Project) design and engineering.
- Marina Solar Project which includes engineering and construction.

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 on the preceding page.

**CAPITAL ASSETS**  
**As of September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 592,072	\$ 592,072	\$ 20,000	\$ 20,000	\$ 612,072	\$ 612,072
Construction in Progress	833,130	494,701	6,165,747	6,060,862	6,998,877	6,555,563
Buildings	10,828,026	10,857,853	1,556,390	1,556,390	12,384,416	12,414,243
Infrastructure and Improvements	21,016,325	20,451,363	25,525,822	25,082,529	46,542,147	45,533,892
Equipment	6,209,030	5,999,131	4,622,154	4,710,577	10,831,184	10,709,708
Software	468,594	459,658	69,953	69,953	538,547	529,611
	39,947,177	38,854,778	37,960,066	37,500,311	77,907,243	76,355,089
Less: Accumulated Depreciation	(25,007,618)	(23,506,067)	(20,652,749)	(19,927,068)	(45,660,367)	(43,433,135)
Capital Assets, net	\$ 14,939,559	\$ 15,348,711	\$ 17,307,317	\$ 17,573,243	\$ 32,246,876	\$ 32,921,954

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

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

**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. 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. On March 24, 2020 the major sewer rehabilitation loan was amended to allow for additional financing of \$560,276. On February 10, 2021, the Lift Station 2 Force Main Extension and Lift Station Improvements contract in the amount of \$2,980,071 was executed.

The current total principal and interest to be paid on the above referenced notes from direct borrowing is \$5,617,880 as of September 30, 2021.

**LONG TERM DEBT  
As of September 30**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2021	2020	2021	2020	2021	2020
Capital Leases	\$ 82,269	\$ 235,024	\$ 384,085	\$ 530,911	\$ 466,354	\$ 765,935
Notes from Direct Borrowing	-	-	5,232,143	4,610,978	5,232,143	4,610,978
	<u>\$ 82,269</u>	<u>\$ 235,024</u>	<u>\$ 5,616,228</u>	<u>\$ 5,141,889</u>	<u>\$ 5,698,497</u>	<u>\$ 5,376,913</u>

Business-type activities had \$5,616,228 in outstanding long-term debt. The FDEP loan discussed in the preceding page is responsible for \$5,232,143. The remaining \$384,085 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 decrease of \$152,755 as new capital lease agreements have not been entered into. Rather, the vehicle replacement plan within the Police Department is cash funded in recent years. As of September 30, 2021, there was a total outstanding balance of \$82,269.

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

**ECONOMIC FACTORS AND YEAR 2022 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 2022 was focused on the City's ability to fund present and future levels of General Fund operations and services.

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

**ECONOMIC FACTORS AND YEAR 2022 BUDGETS AND RATES - *Continued***

Key Factors considered in preparing the City of Gulfport's budget for fiscal year 2022 included:

- The Ad Valorem millage (property tax) has been budgeted to remain at 4.039 mils for the 10th consecutive year. An increase in the actual assessed value of property in the City is projected to generate an estimated \$325,000 in additional revenue.
- An increase in utility rates was approved and considered within the calculation of the FY22 budget:
  - Sanitation & Recycling 6% increase, (Ordinance 2021-09)
  - Sewer rate 8% increase, (Ordinance 2021-07)
  - Water rate 8% increase, (Ordinance 2021-06)
  - Stormwater rate \$1 per month increase, (Ordinance 2021-08)
- An increase in employee compensation has been included in the budget with the application of an 8.0% salary plan adjustment program.
- Employee health insurance is increased 4.4% across all funds.
- The overall renewal rate increase of insurance coverage for Property, Workers' Compensation, General Liability, Automotive Liability, and Public Official Liability amounts increase is presently estimated at 12.57% in total.

Moreover, the balanced budget continues to provide the residents of the City of Gulfport the level of day to day services they have become accustomed to, both culturally and institutionally. The Fiscal Year 2022 budget attempts to continue to support traditional frontline services as they exist today.

**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 53<sup>rd</sup> 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.

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**CITY OF GULFPORT, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,613,119	\$ 2,409,162	\$ 5,022,281
Restricted Cash and Investments	3,000,845	547,288	3,548,133
Receivables (Net)	634,888	1,234,941	1,869,829
Due from Other Governments	172,634	92,857	265,491
Inventories	42,271	71,506	113,777
Prepaid Items	3,250	1,000	4,250
Net Pension Asset	2,462,316	1,175,511	3,637,827
Capital Assets:			
Capital Assets Not Being Depreciated	1,425,202	6,185,747	7,610,949
Capital Assets Being Depreciated and Amortized (Net)	13,514,357	11,121,570	24,635,927
Total Capital Assets	<u>14,939,559</u>	<u>17,307,317</u>	<u>32,246,876</u>
<b>Total Assets</b>	<u>23,868,882</u>	<u>22,839,582</u>	<u>46,708,464</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows for OPEB	202,867	44,047	246,914
Deferred Outflows for Pensions	855,661	291,034	1,146,695
<b>Total Deferred Outflows of Resources</b>	<u>1,058,528</u>	<u>335,081</u>	<u>1,393,609</u>
<b>LIABILITIES</b>			
Accounts Payable	322,674	684,078	1,006,752
Liabilities Payable from Restricted Assets	-	375,297	375,297
Accrued Liabilities	350,298	82,660	432,958
Due to Other Governments	9,087	154,456	163,543
Unearned Revenue	715	-	715
Deposits	29,528	-	29,528
Long-term Liabilities:			
Due within One Year	414,915	456,833	871,748
Due in More Than One Year	1,812,188	5,482,713	7,294,901
<b>Total Liabilities</b>	<u>2,939,405</u>	<u>7,236,037</u>	<u>10,175,442</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows for OPEB	18,306	3,913	22,219
Deferred Inflows for Pensions	3,421,167	708,311	4,129,478
<b>Total Deferred Inflows of Resources</b>	<u>3,439,473</u>	<u>712,224</u>	<u>4,151,697</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,801,407	11,589,255	26,390,662
Restricted			
Sewer Projects	-	24,816	24,816
Capital Projects	430,663	-	430,663
Debt Service	-	147,175	147,175
Library Projects	45,832	-	45,832
Public Safety	45,771	-	45,771
Pension Assets	2,462,316	1,175,511	3,637,827
Other Special Projects	16,263	-	16,263
Unrestricted	<u>746,280</u>	<u>2,289,645</u>	<u>3,035,925</u>
<b>Total Net Position</b>	<u>\$ 18,548,532</u>	<u>\$ 15,226,402</u>	<u>\$ 33,774,934</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, 2021

<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>
<b>Governmental Activities:</b>				
General Government	\$ 1,901,540	\$ 2,082,696	\$ 1,768	\$ -
Public Safety	6,794,961	1,715,594	65,331	-
Recreation	3,382,176	342,736	456,635	89,548
Community Development/Redevelopment	1,172,776	-	-	-
Public Works	1,923,162	209,162	-	15,618
Interest on Long-Term Debt	5,163	-	-	-
<b>Total Governmental Activities</b>	<u>15,179,778</u>	<u>4,350,188</u>	<u>523,734</u>	<u>105,166</u>
<b>Business-type Activities:</b>				
Sanitation	2,283,969	2,577,324	8,284	-
Water and Sewer	7,240,218	7,487,911	-	17,573
Marina	2,561,077	2,834,445	-	-
<b>Total Business-type Activities</b>	<u>12,085,264</u>	<u>12,899,680</u>	<u>8,284</u>	<u>17,573</u>
<b>Total</b>	<u>\$ 27,265,042</u>	<u>\$ 17,249,868</u>	<u>\$ 532,018</u>	<u>\$ 122,739</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**

<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
\$ 182,924	\$ -	\$ 182,924
(5,014,036)	-	(5,014,036)
(2,493,257)	-	(2,493,257)
(1,172,776)	-	(1,172,776)
(1,698,382)	-	(1,698,382)
(5,163)	-	(5,163)
<u>(10,200,690)</u>	<u>-</u>	<u>(10,200,690)</u>
-	301,639	301,639
-	265,266	265,266
<u>-</u>	<u>273,368</u>	<u>273,368</u>
-	840,273	840,273
<u>(10,200,690)</u>	<u>840,273</u>	<u>(9,360,417)</u>
4,568,379	-	4,568,379
912,469	-	912,469
1,523,675	-	1,523,675
1,864,087	-	1,864,087
158,918	-	158,918
461,434	-	461,434
65,216	-	65,216
797,467	-	797,467
8,941	36	8,977
118,873	-	118,873
61,719	40,184	101,903
839,840	(839,840)	-
<u>11,381,018</u>	<u>(799,620)</u>	<u>10,581,398</u>
1,180,328	40,653	1,220,981
<u>17,368,204</u>	<u>15,185,749</u>	<u>32,553,953</u>
<u>\$ 18,548,532</u>	<u>\$ 15,226,402</u>	<u>\$ 33,774,934</u>

**CITY OF GULFPORT, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
September 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,563,445	\$ 266,956	\$ 783,563	\$ 5,613,964
Accounts Receivable (Net)	628,951	-	5,937	634,888
Due from Other Governments	52,510	120,124	-	172,634
Prepaid Items	2,412	-	838	3,250
Inventories	42,271	-	-	42,271
<b>Total Assets</b>	<u>\$ 5,289,589</u>	<u>\$ 387,080</u>	<u>\$ 790,338</u>	<u>\$ 6,467,007</u>
<b>LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 255,960	\$ 64,317	\$ 2,397	\$ 322,674
Accrued Liabilities	350,129	-	169	350,298
Due to Other Governments	9,087	-	-	9,087
Deposits Payable	29,528	-	-	29,528
Unearned Revenue	715	-	-	715
<b>Total Liabilities</b>	<u>645,419</u>	<u>64,317</u>	<u>2,566</u>	<u>712,302</u>
Deferred Inflows - Unavailable Revenues	<u>43,771</u>	<u>-</u>	<u>-</u>	<u>43,771</u>
Fund Balances:				
Nonspendable Inventories and Prepays	44,683	-	838	45,521
Restricted for Law Enforcement	-	-	2,000	2,000
Restricted for Capital Purchases	-	322,763	-	322,763
Restricted for Waterfront Redevelopment	-	-	90,980	90,980
Restricted for Donor Provisions	16,263	-	16,920	33,183
Restricted for Library	-	-	45,832	45,832
Assigned for Capital Purchases	150,349	-	-	150,349
Assigned for Subsequent Year's Budget	355,691	-	-	355,691
Assigned for 49th Street Redevelopment	-	-	11,963	11,963
Assigned for Beach Renourishment	-	-	80,000	80,000
Assigned for Williams Pier	-	-	40,000	40,000
Assigned for Other Waterfront Redevelopment	-	-	499,239	499,239
Unassigned	4,033,413	-	-	4,033,413
<b>Total Fund Balances</b>	<u>4,600,399</u>	<u>322,763</u>	<u>787,772</u>	<u>5,710,934</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 5,289,589</u>	<u>\$ 387,080</u>	<u>\$ 790,338</u>	<u>\$ 6,467,007</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, 2021

**Total fund balances of governmental funds** \$ 5,710,934

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 \$39,947,177, and the accumulated depreciation and amortization is \$25,007,618. 14,939,559

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	(82,269)	
Total OPEB Liability	(834,495)	
Net pension liability	(357,145)	
Compensated absences	(953,194)	
		(2,227,103)

The net pension asset is not a current financial resource; and therefore is not reported in governmental funds. 2,462,316

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	202,867	
Deferred outflows of resources for pensions	855,661	
Deferred inflows of resources for OPEB	(18,306)	
Deferred inflows of resources for pensions	(3,421,167)	
		(2,380,945)

Deferred inflows from federal and state grants recognized as revenue of the current period 43,771

**Total net position of governmental activities** \$ 18,548,532

*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, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 7,004,977	\$ 1,523,675	\$ 425,928	\$ 8,954,580
Permits and Fees	755,468	15,618	-	771,086
Intergovernmental Revenues	3,001,236	-	1,768	3,003,004
Charges for Services	2,569,237	-	-	2,569,237
Fines and Forfeitures	53,633	-	-	53,633
Investment Income	8,941	-	-	8,941
Miscellaneous Revenues	283,012	18,927	9,334	311,273
<b>Total Revenues</b>	<u>13,676,504</u>	<u>1,558,220</u>	<u>437,030</u>	<u>15,671,754</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,746,774	-	1,768	1,748,542
Public Safety	6,106,226	-	-	6,106,226
Recreation	3,252,195	-	-	3,252,195
Community Development/ Redevelopment	820,408	-	334,948	1,155,356
Public Works	1,605,912	-	-	1,605,912
Capital Outlay	-	920,256	-	920,256
Debt Service:				
Principal	-	152,755	-	152,755
Interest	-	5,163	-	5,163
<b>Total Expenditures</b>	<u>13,531,515</u>	<u>1,078,174</u>	<u>336,716</u>	<u>14,946,405</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>144,989</u>	<u>480,046</u>	<u>100,314</u>	<u>725,349</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers In	1,213,084	-	-	1,213,084
Transfers (Out)	(80,000)	(293,244)	-	(373,244)
<b>Total Other Financing Sources and (Uses)</b>	<u>1,133,084</u>	<u>(293,244)</u>	<u>-</u>	<u>839,840</u>
<b>Net Change in Fund Balances</b>	1,278,073	186,802	100,314	1,565,189
<b>Fund Balances - Beginning</b>	<u>3,322,326</u>	<u>135,961</u>	<u>687,458</u>	<u>4,145,745</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,600,399</u>	<u>\$ 322,763</u>	<u>\$ 787,772</u>	<u>\$ 5,710,934</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, 2021**

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

Net change in fund balances - total governmental funds	\$	1,565,189
<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 depreciation and amortization (\$1,914,725) exceeds capital purchases (\$1,447,821) and donations (\$62,100).</p>		
		(404,804)
<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>Principal repayments:</p>		
Leases	\$ 152,755	152,755
<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		(53,684)
<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>		
		(209,240)
<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>		
		(4,348)
<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		(63,910)
Difference between pension contributions and net pension expense		<u>198,370</u>
Change in net position of governmental activities	\$	<u>1,180,328</u>

*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, 2021

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 131,381	\$ 1,323,591	954,190	\$ 2,409,162
Restricted Assets:				
Cash Held for Customer Deposits	-	280,780	94,517	375,297
Cash Held for Debt Service	-	147,175	-	147,175
Cash Held for Sewer Impact Fees	-	24,816	-	24,816
Accounts Receivable (Net)	304,042	907,679	23,220	1,234,941
Due from Other Governments	8,284	84,573	-	92,857
Inventories	-	35,252	36,254	71,506
Prepaid Items	-	-	1,000	1,000
<b>Total Current Assets</b>	<b>443,707</b>	<b>2,803,866</b>	<b>1,109,181</b>	<b>4,356,754</b>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	20,000	20,000
Buildings	230,746	411,965	913,679	1,556,390
Infrastructure and Improvements	297,195	20,197,281	5,031,346	25,525,822
Equipment and Machinery	2,881,999	1,119,956	620,199	4,622,154
Software	17,104	36,274	16,575	69,953
Construction in Progress	-	6,024,134	141,613	6,165,747
Less: Accumulated Depreciation and Amortization	(2,343,494)	(13,641,721)	(4,667,534)	(20,652,749)
Total Capital Assets (Net)	1,083,550	14,147,889	2,075,878	17,307,317
Net Pension Asset	549,342	451,553	174,616	1,175,511
<b>Total Noncurrent Assets</b>	<b>1,632,892</b>	<b>14,599,442</b>	<b>2,250,494</b>	<b>18,482,828</b>
<b>Total Assets</b>	<b>2,076,599</b>	<b>17,403,308</b>	<b>3,359,675</b>	<b>22,839,582</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows for OPEB	20,145	18,214	5,688	44,047
Deferred Outflows for Pensions	156,158	111,846	23,030	291,034
<b>Total Deferred Outflows of Resources</b>	<b>176,303</b>	<b>130,060</b>	<b>28,718</b>	<b>335,081</b>

*Continued*



**CITY OF GULFPORT, FLORIDA**  
**STATEMENT OF NET POSITION - Continued**  
**PROPRIETARY FUNDS**  
September 30, 2021

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 58,825	\$ 506,144	\$ 119,109	\$ 684,078
Accrued Liabilities	48,313	19,035	15,312	82,660
Due to Other Governments	-	144,045	10,411	154,456
Liabilities Payable from Restricted Assets - Deposits	-	280,780	94,517	375,297
Capital Lease Payable	150,666	-	-	150,666
Revolving Loan Payable	-	253,134	-	253,134
Compensated Absences Payable	16,828	24,711	11,494	53,033
<b>Total Current Liabilities</b>	<b>274,632</b>	<b>1,227,849</b>	<b>250,843</b>	<b>1,753,324</b>
Noncurrent Liabilities:				
Other Postemployment Benefits	86,906	63,272	24,530	174,708
Capital Lease Payable	233,419	-	-	233,419
Revolving Loan Payable	-	4,979,009	-	4,979,009
Compensated Absences Payable	18,328	50,493	26,756	95,577
<b>Total Noncurrent Liabilities</b>	<b>338,653</b>	<b>5,092,774</b>	<b>51,286</b>	<b>5,482,713</b>
<b>Total Liabilities</b>	<b>613,285</b>	<b>6,320,623</b>	<b>302,129</b>	<b>7,236,037</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows for OPEB	1,768	1,595	550	3,913
Deferred Inflows for Pensions	325,399	280,499	102,413	708,311
<b>Total Deferred Inflows of Resources</b>	<b>327,167</b>	<b>282,094</b>	<b>102,963</b>	<b>712,224</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	699,465	8,908,785	1,981,005	11,589,255
Restricted for Sewer Projects	-	24,816	-	24,816
Restricted for Debt Service	-	147,175	-	147,175
Restricted for Pensions	549,342	451,553	174,616	1,175,511
Unrestricted	63,643	1,398,322	827,680	2,289,645
<b>Total Net Position</b>	<b>\$ 1,312,450</b>	<b>\$ 10,930,651</b>	<b>\$ 2,983,301</b>	<b>\$ 15,226,402</b>

*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, 2021

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 2,577,324	\$ 7,487,911	\$ 2,763,039	\$ 12,828,274
Miscellaneous Revenues	-	-	71,406	71,406
<b>Total Operating Revenues</b>	<u>2,577,324</u>	<u>7,487,911</u>	<u>2,834,445</u>	<u>12,899,680</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	757,594	676,719	353,835	1,788,148
Contracted Services	508,311	4,265,545	44,925	4,818,781
Supplies and Materials	91,159	220,890	1,071,481	1,383,530
Repairs and Maintenance	192,185	168,984	226,496	587,665
Administrative Overhead	366,513	1,156,549	352,555	1,875,617
Other Services and Charges	22,928	46,823	208,691	278,442
Depreciation and Amortization	333,385	603,154	302,137	1,238,676
<b>Total Operating Expenses</b>	<u>2,272,075</u>	<u>7,138,664</u>	<u>2,560,120</u>	<u>11,970,859</u>
<b>Operating Income</b>	<u>305,249</u>	<u>349,247</u>	<u>274,325</u>	<u>928,821</u>
<b>NONOPERATING REVENUES</b>				
<b>(EXPENSES):</b>				
Operating Grants	8,284	-	-	8,284
Investment Income	16	15	5	36
Interest Expense	(11,894)	(101,554)	(957)	(114,405)
Gain from Sale of Capital Assets	12,610	27,574	-	40,184
<b>Total Nonoperating Revenues (Expenses)</b>	<u>9,016</u>	<u>(73,965)</u>	<u>(952)</u>	<u>(65,901)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>314,265</u>	<u>275,282</u>	<u>273,373</u>	<u>862,920</u>
Capital Contributions	-	17,573	-	17,573
Transfers In	-	293,244	80,000	373,244
Transfers (Out)	(244,342)	(433,705)	(535,037)	(1,213,084)
<b>Change in Net Position</b>	<u>69,923</u>	<u>152,394</u>	<u>(181,664)</u>	<u>40,653</u>
<b>Total Net Position - Beginning</b>	<u>1,242,527</u>	<u>10,778,257</u>	<u>3,164,965</u>	<u>15,185,749</u>
<b>Total Net Position - Ending</b>	<u>\$ 1,312,450</u>	<u>\$ 10,930,651</u>	<u>\$ 2,983,301</u>	<u>\$ 15,226,402</u>

*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, 2021

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 2,559,691	\$ 7,802,674	\$ 2,843,315	\$ 13,205,680
Payments to Suppliers	(1,167,648)	(6,088,559)	(1,943,076)	(9,199,283)
Payments to Employees	(853,876)	(756,800)	(389,775)	(2,000,451)
<b>Net Cash and Cash Equivalent Provided (Used) by Operating Activities</b>	<b>538,167</b>	<b>957,315</b>	<b>510,464</b>	<b>2,005,946</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers (to) Other Funds	(244,342)	(433,705)	(535,037)	(1,213,084)
Transfers from Other Funds	-	293,244	80,000	373,244
<b>Net Cash and Cash Equivalent Provided (Used) in Noncapital Financing Activities</b>	<b>(244,342)</b>	<b>(140,461)</b>	<b>(455,037)</b>	<b>(839,840)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition/Construction of Capital Assets	(250,961)	(525,677)	(94,278)	(870,916)
Impact Fees Received	-	17,573	-	17,573
Proceeds from Sale of Assets	12,610	27,574	-	40,184
Proceeds from Revolving Loan	-	812,855	-	812,855
Principal Payments	(146,826)	(191,690)	-	(338,516)
Interest Payments	(11,894)	(101,554)	(957)	(114,405)
<b>Net Cash and Cash Equivalent Provided (Used) in Capital and Related Financing Activities</b>	<b>(397,071)</b>	<b>39,081</b>	<b>(95,235)</b>	<b>(453,225)</b>
<b>Cash Flows from Investing Activities</b>				
Income Received from Investments	16	15	5	36
<b>Net Cash and Cash Equivalent Provided in Investing Activities</b>	<b>16</b>	<b>15</b>	<b>5</b>	<b>36</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(103,230)</b>	<b>855,950</b>	<b>(39,803)</b>	<b>712,917</b>
Cash and Cash Equivalents at Beginning of Year	234,611	920,412	1,088,510	2,243,533
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 131,381</b>	<b>\$ 1,776,362</b>	<b>\$ 1,048,707</b>	<b>\$ 2,956,450</b>

*Continued*

**CITY OF GULFPORT, FLORIDA**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS**  
For The Year Ended September 30, 2021

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 305,249	\$ 349,247	\$ 274,325	\$ 928,821
Depreciation and Amortization	333,385	603,154	302,137	1,238,676
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Deferred Outflows for OPEB	1,546	1,442	525	3,513
Deferred Outflows for Pensions	(47,106)	(44,915)	(16,485)	(108,506)
Deferred Inflows for Pensions	265,834	253,471	93,024	612,329
Deferred Inflows for OPEB	118	110	40	268
Total OPEB Liability	4,360	4,066	1,478	9,904
Net Pension Asset/Liability	(315,175)	(300,518)	(110,289)	(725,982)
(Increase) Decrease in Accounts Receivable	(17,633)	(93,593)	11,569	(99,657)
(Increase) Decrease in Due from Other Governments	-	293,631	-	293,631
(Increase) Decrease in Inventories	-	24,388	(13,346)	11,042
Increase (Decrease) in Accounts Payable	13,448	(262,082)	(26,466)	(275,100)
Increase (Decrease) in Due to Other Governments	-	7,926	884	8,810
Increase (Decrease) in Accrued Liabilities	(827)	3,421	2,207	4,801
Increase (Decrease) in Compensated Absences	(5,032)	2,842	(6,440)	(8,630)
Increase (Decrease) in Customer Deposits	-	114,725	(2,699)	112,026
<b>Total Adjustments</b>	<b>232,918</b>	<b>608,068</b>	<b>236,139</b>	<b>1,077,125</b>
<b>Net Cash and Cash Equivalents Provided (Used) by Operating Activities</b>	<b>\$ 538,167</b>	<b>\$ 957,315</b>	<b>\$ 510,464</b>	<b>\$ 2,005,946</b>

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, 2021

**ASSETS**

Cash and Cash Equivalents:	
Short Term Investments	\$ 408,976
Total Cash and Cash Equivalents	408,976
Receivables:	
City Contributions in Transit	133,650
Additional City Contribution	29,314
Due from Broker	5,515
Investment Income	29,570
Total Receivables	198,049
Investments, at Fair Value:	
U.S. Government Obligations	850,519
Asset-backed Securities	1,537,102
Stocks	3,602,622
Corporate Bonds	2,183,290
Mutual Funds:	
Equity	21,338,011
Real Estate	1,428,207
Fixed Income	10,033,011
Total Investments	40,972,762
<b>Total Assets</b>	<b>41,579,787</b>

**LIABILITIES**

Prepaid City Contribution	22,613
Accounts Payable	6,131
<b>Total Liabilities</b>	<b>28,744</b>

<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 41,551,043</b>
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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, 2021

**ADDITIONS**

Contributions	
City	\$ 618,264
Member	352,951
State	210,080
Total Contributions	<u>1,181,295</u>
Investment Income (Loss)	
Net decrease in Fair Value of Investments	5,882,480
Interest and Dividends	1,371,616
Less: Investment Expense <sup>1</sup>	(118,060)
Net Investment Income (Loss)	<u>7,136,036</u>
<b>Total Additions</b>	<u><u>8,317,331</u></u>

**DEDUCTIONS**

Distributions to Members:	
Benefit Payments	1,549,093
Refunds of Member Contributions	58,869
Total Distributions	<u>1,607,962</u>
Administrative Expense	151,243
<b>Total Deductions</b>	<u><u>1,759,205</u></u>

**Change in Net Position** 6,558,126

**Net Position Restricted for Pension Benefits**

<b>Beginning of Year</b>	<u>34,992,917</u>
<b>End of Year</b>	<u><u>\$ 41,551,043</u></u>

<sup>1</sup> 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, 2021

### 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. Fiduciary component units include the City's pension trust funds.

#### 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. The stand-alone audited financial report for the City's CRA can be obtained from the City's Finance Department.

#### Fiduciary Component Units

The City has included the General Employees' Pension Plan, Firefighters' Pension Plan, and Police Officers' Pension Plan as fiduciary component units of the City. They are included in the financial statements as pension trust funds.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

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

#### 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.

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 49<sup>th</sup> Street Redevelopment District, American Rescue Plan, Law Enforcement Trust, Library Fund, Waterfront Redevelopment District, and Capital Project Senior Center Fund 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, 2021

### 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 five special revenue funds consisting of the Waterfront and 49<sup>th</sup> Street Redevelopment Districts discussed previously, the American Rescue Plan to account for the City's allocation from ARPA federal recovery funds, 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 Funds** – These funds are used to account for financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of major governmental capital projects in the Capital Projects Fund, and capital outlays for the Capital Project Senior Center Fund.

##### 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, 2021

### 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, 2021

### 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, 2021

### 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.

Due to the nature of code enforcement violations brought before the special magistrate, the primary purpose of the fines assessed are to promote the abatement of the nuisance. The overarching goal of the City in regards to these types of issues is to gain compliance and abatement. Based on the history and understanding of these fines, the City believes the probability of collection is highly uncertain and would be offset with an allowance for uncollectible for the entire balance. The records and Magistrate's final orders are maintained by the City Clerk.

Property taxes, which were levied during fiscal year 2021 and are uncollected as of September 30, 2021, 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, 2021, 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, 3-70 years; software 5 years; and equipment 3-20 years.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### 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, 2021

### 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, 2021

### 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, 2021

### 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 Fund, Sanitation, Water and Sewer, and Marina Funds.



# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### 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 are 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, major Capital Projects Fund 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 within 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, 2021 was 4.039 mills.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### 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. 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, 2021

### 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. 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.

#### **Deposits**

At September 30, 2021, the bank balance of the City's cash deposit accounts was \$6,401,419 and the carrying amount of the demand deposits and cash on hand was \$6,349,863. 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, 2021

### 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, 2021

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

#### Investments (Continued)

The City's investments reported at amortized cost as of September 30, 2021, are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Florida Surplus Asset Fund Trust (SAFE)	\$ 2,152,590	54 days (1)	S&P AAAM
Florida PRIME	67,961	49 days (1)	S&P AAAM
Total Investments	<u>\$ 2,220,551</u>		

(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, 2021, 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, 2021, 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 \$146,064, are reported as cash equivalents and valued at amortized cost.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### 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, 2021:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Equity Mutual Funds	\$ 12,030,482	n/a	n/a
Real Estate MF	832,214	n/a	n/a
Fixed Income Mutual Funds	<u>7,588,671</u>	see below	A
Total Investments	<u>\$ 20,451,367</u>		

Fixed income mutual funds with Dodge and Cox Income Fund have weighted average maturity of 8.7 years, and with Pimco Diversified have weighted average maturity of 9.42 years with an average credit rating of A.

	<u>Fair Value Measurements Using</u>		
	<u>Quoted Priced in Active Markets</u>	<u>Significant Observable Input</u>	<u>Significant Unobservable</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity Mutual Funds	\$ 12,030,482	\$ -	\$ -
Real Estate MF	-	-	832,214
Fixed Income Mutual Funds	<u>7,588,671</u>	-	-
Total Investments	<u>\$ 19,619,153</u>	<u>\$ -</u>	<u>\$ 832,214</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, 2021

### 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 \$197,800, 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, 2021:

	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
US Government Obligations	\$ 850,519	13.52 Years	Aaa/ AA+
Asset-backed Securities	1,537,102	6.34 Years	Aaa/ AA+
Stocks	2,265,269	n/a	n/a
Corporate Bonds	2,183,290	7.91 Years	A3/ A-
Equity Mutual Funds	6,428,856	n/a	n/a
Real Estate MF	595,993	n/a	n/a
Total Investments	<u>\$ 13,861,029</u>		

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

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

**Police Pension Fund (Continued)**

	<u>Fair Value Measurements Using</u>		
	<u>Quoted Priced</u>	<u>Significant</u>	<u>Significant</u>
	<u>in Active Markets</u>	<u>Observable Input</u>	<u>Unobservable</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Government Obligations	\$ 278,072	\$ 572,447	\$ -
Asset-backed Securities	-	1,537,102	-
Stocks	2,265,269	-	-
Corporate Bonds	-	2,183,290	-
Equity Mutual Funds	6,428,856	-	-
Real Estate MF	-	-	595,993
Total Investments	\$ 8,972,197	\$ 4,292,839	\$ 595,993

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 \$65,112, are reported as cash equivalents and valued at amortized cost.



**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

**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, 2021:

	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
Stocks	\$ 1,337,353	n/a	n/a
Equity Mutual Funds	2,878,673	n/a	n/a
Fixed Income Mutual Funds	2,444,340	see below	A
Total Investments	<u>\$ 6,660,366</u>		

	<b>Fair Value Measurements Using</b>		
	<b>Quoted Priced in Active Markets</b>	<b>Significant Observable Input</b>	<b>Significant Unobservable</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Stocks	\$ 1,337,353	\$ -	\$ -
Equity Mutual Funds	2,878,673	-	-
Fixed Income Mutual Funds	2,444,340	-	-
Total Investments	<u>\$ 6,660,366</u>	<u>\$ -</u>	<u>\$ -</u>

Fixed income mutual funds with Dodge and Cox Income Fund have weighted average maturity 8.7 years, and with Pimco Diversified have weighted average maturity of 9.42 years with an average credit rating of A.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### 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, 2021, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable:			
Billed	\$ 446,094	\$ 948,590	\$ 1,394,684
Unbilled	16,275	524,604	540,879
Payroll Advance	3,213	927	4,140
Code Enforcement Liens	235,633	-	235,633
Total Receivables	701,215	1,474,121	2,175,336
Allowance for Uncollectibles	(66,327)	(239,180)	(305,507)
Net Total Receivables	\$ 634,888	\$ 1,234,941	\$ 1,869,829

### NOTE 4 - INTERFUND TRANSFERS

Interfund transfers consist of the following for the year ended September 30, 2021:

Fund	Transfers In	Transfers Out
General	\$ 1,213,084	\$ 80,000
Capital Projects	-	293,244
Sanitation	-	244,342
Water and Sewer	293,244	433,705
Marina	80,000	535,037
Total	\$ 1,586,328	\$ 1,586,328

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2021**

### **NOTE 4 - INTERFUND TRANSFERS *(Continued)***

The transfers into the General Fund were made by Sanitation, Water & Sewer and the Marina and represent payments in lieu of taxes (PILOT). The Capital Project Fund transferred funds to Water & Sewer to support repayment on the Sanitary Sewer Evaluation Survey (SSES) Planning Phase I, SSES Phase II and the Wastewater Treatment Facility Construction State Revolving Loan. The General Fund transferred funds to the Marina to support the Marina Solar Project.

### **NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended September 30, 2021 was as follows:

	Beginning Balance 10/1/2020	Additions	Deletions	Ending Balance 9/30/2021
<b>Governmental Activities:</b>				
Non-depreciated Assets:				
Land	\$ 592,072	\$ -	\$ -	\$ 592,072
Construction in Progress	494,700	338,430	-	833,130
Depreciated and Amortized Assets:				
Buildings	10,857,853	1,800	(31,627)	10,828,026
Infrastructure and Improvements	20,451,364	612,750	(47,789)	21,016,325
Equipment	5,999,131	548,005	(338,106)	6,209,030
Software	459,658	8,936	-	468,594
Total Capital Assets at Historical Cost	38,854,778	1,509,921	(417,522)	39,947,177
Less Accumulated Depreciation and Amortization for:				
Buildings	5,925,166	279,224	(31,627)	6,172,763
Infrastructure and Improvements	13,041,818	880,225	(43,441)	13,878,602
Equipment	4,146,205	717,267	(338,106)	4,525,366
Software	392,878	38,009	-	430,887
Total Accumulated Depreciation and Amortization	23,506,067	1,914,725	(413,174)	25,007,618
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	\$ 15,348,711	\$ (404,804)	\$ (4,348)	\$ 14,939,559

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

**NOTE 5 - CAPITAL ASSETS (Continued)**

	Beginning Balance 10/1/2020	Additions	Deletions	Transfers	Ending Balance 9/30/2021
<b>Business-Type Activities:</b>					
Non-depreciated Assets:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Construction in Progress	6,060,862	506,604	-	(401,719)	6,165,747
Depreciated and Amortized Assets:					
Buildings	1,556,390	-	-	-	1,556,390
Infrastructure and Improvements	25,082,529	41,574	-	401,719	25,525,822
Equipment	4,710,577	424,572	(512,995)	-	4,622,154
Software	69,953	-	-	-	69,953
Total at Historical Cost	<u>37,500,311</u>	<u>972,750</u>	<u>(512,995)</u>	<u>-</u>	<u>37,960,066</u>
Less Accumulated Depreciation and Amortization for:					
Buildings	798,216	49,107	-	-	847,323
Infrastructure and Improvements	16,094,405	717,026	-	-	16,811,431
Equipment	2,965,252	471,847	(512,995)	-	2,924,104
Software	69,195	696	-	-	69,891
Total Accumulated Depreciation and Amortization	<u>19,927,068</u>	<u>1,238,676</u>	<u>(512,995)</u>	<u>-</u>	<u>20,652,749</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 17,573,243</u>	<u>\$ (265,926)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,307,317</u>

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

General Government	\$ 103,644
Public Safety	445,409
Leisure Services	466,077
Community Development/ Redevelopment	303,637
Public Works	595,958
	<u>\$ 1,914,725</u>

Depreciation and amortization were charged to business-type activities: \$333,385 to sanitation, \$603,154 to water and sewer, and \$302,137 to marina operations.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2021**

### 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 10/1/2020	Additions	Deletions	Balance 9/30/2021	Due in One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 899,510	\$ 467,566	\$ (413,882)	\$ 953,194	\$ 332,646
Capital Lease	235,024	-	(152,755)	82,269	82,269
Net Pension Liability	820,153	156,049	(619,057)	357,145	-
Total OPEB Liability	788,241	64,500	(18,246)	834,495	-
	<u>\$ 2,742,928</u>	<u>\$ 688,115</u>	<u>\$ (1,203,940)</u>	<u>\$ 2,227,103</u>	<u>\$ 414,915</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 157,240	\$ 75,025	\$ (83,655)	\$ 148,610	\$ 53,033
Capital Lease	530,911	-	(146,826)	384,085	150,666
Notes from Direct Borrowing	4,610,978	812,855	(191,690)	5,232,143	253,134
Total OPEB Liability	164,804	13,812	(3,908)	174,708	-
	<u>\$ 5,463,933</u>	<u>\$ 901,692</u>	<u>\$ (426,079)</u>	<u>\$ 5,939,546</u>	<u>\$ 456,833</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, 2021**

### NOTE 7 - LONG TERM LIABILITIES *(Continued)*

*Notes from Direct Borrowing - State Revolving Loan*

The City has entered into four agreements with the Florida Department of Environmental Protection (FDEP); The Sanitary Sewer Evaluation Study (SSES); the SSES Phase I Construction; and the Lift Station 2 Force Main Extension and Lift Station Improvement agreement. The agreements are funded through the Clean Water State Revolving Fund (SRF) Loan Program protected under the Federal Clean Water Act. The principal amount of the loans are as follows:

- SSES Phase I Planning, \$1,529,185; interest rate of 2.12%
- SSES Phase II Planning, \$554,939; interest rate of 1.05%
- SSES Phase I Construction, \$2,944,210; interest rate of 0.05%
- Lift Station 2 Force Main Extension and Lift Station Improvement, \$203,809, interest rate of 0.00%

SSES Phase I Planning and SSES Phase II Planning began repayment in FY20, with SSES Phase I Construction repayment beginning this fiscal year. The Lift Station 2 Force Main Extension and Lift Station Improvement repayment will commence in March 2023.

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 2046. 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 semi-annual principal and interest paid for the current year were \$294,351. Total pledged revenues of \$7,781,178 less operating expenses of \$6,535,511 amount to net pledged revenues of \$1,245,667. The total principal and interest to be paid on the loan is \$5,617,880.

Future debt service payments on the SRF Loan are as follows:

FY Ending	Principal	Interest
2022	\$ 253,134	\$ 39,004
2023	265,190	37,139
2024	267,090	35,239
2025	269,026	33,302
2026	270,997	31,331
2027-2031	1,385,916	125,727
2032-2036	1,441,181	70,461
2037-2041	1,069,420	13,534
2042-2046	10,189	-
	\$ 5,232,143	\$ 385,737

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2021**

### NOTE 7 - LONG TERM LIABILITIES *(Continued)*

*Notes from Direct Borrowing - State Revolving Loan (continued)*

Under all four agreements with the State Revolving Fund, upon occurrence of an event of default, the FDEP 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 FDEP may impose a penalty of 18% annually on the amount due. Additionally, the FDEP may accelerate the repayment schedule or increase the financing rate up to 1.667 times the current rate.

*Capital Leases*

The City entered into master equipment lease/purchase agreements with Regions Bank, and The Bancorp Bank to acquire police vehicles and sanitation equipment. The equipment's cost on a cumulative basis under these agreements is \$1,579,698. The interest rate for these agreements range from 2.22% – 5.75%. Future minimum lease payments are as follows:

FY Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 82,269	\$ 1,372	\$ 150,666	\$ 9,008
2023	-	-	154,606	5,067
2024	-	-	78,813	1,024
	\$ 82,269	\$ 1,372	\$ 384,085	\$ 15,099

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 The 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, 2021

### NOTE 8 - PENSION PLANS

#### Pension Plan Financial Statements

**CITY OF GULFPORT, FLORIDA**  
STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
September 30, 2021

	<b>General Employees' Pension</b>	<b>Police Officers' Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Short Term Investments	\$ 146,064	\$ 197,800	\$ 65,112	\$ 408,976
Total Cash and Cash Equivalents	146,064	197,800	65,112	408,976
Receivables:				
City Contributions in Transit	49,011	61,806	22,833	133,650
Additional City Contribution	-	-	29,314	29,314
Due From Broker	5,515	-	-	5,515
Investment Income	-	28,673	897	29,570
Total Receivable	54,526	90,479	53,044	198,049
Investments, at Fair Value:				
U.S. Government Obligations	-	850,519	-	850,519
Asset-backed Securities	-	1,537,102	-	1,537,102
Stocks	-	2,265,269	1,337,353	3,602,622
Corporate Bonds	-	2,183,290	-	2,183,290
Mutual Funds:				
Equity	12,030,482	6,428,856	2,878,673	21,338,011
Real Estate	832,214	595,993	-	1,428,207
Fixed Income	7,588,671	-	2,444,340	10,033,011
Total Investments	20,451,367	13,861,029	6,660,366	40,972,762
<b>Total Assets</b>	<b>20,651,957</b>	<b>14,149,308</b>	<b>6,778,522</b>	<b>41,579,787</b>
<b>LIABILITIES</b>				
Prepaid City Contribution	37	22,576	-	22,613
Accounts Payable	-	1,458	4,673	6,131
<b>Total Liabilities</b>	<b>37</b>	<b>24,034</b>	<b>4,673</b>	<b>28,744</b>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 20,651,920</b>	<b>\$ 14,125,274</b>	<b>\$ 6,773,849</b>	<b>\$ 41,551,043</b>



# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2021**

### 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, 2021

	<b>General Employees' Pension</b>	<b>Police Officers' Pension</b>	<b>Fire fighters' Pension</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions				
City	\$ 209,287	\$ 276,260	\$ 132,717	\$ 618,264
Member	106,672	182,450	63,829	352,951
State	-	102,117	107,963	210,080
Total Contributions	315,959	560,827	304,509	1,181,295
Investment Income (Loss)				
Net Increase (Decrease) in Fair Value of Investments	2,962,272	2,034,055	886,153	5,882,480
Interest & Dividends	926,270	258,009	187,337	1,371,616
Less: Investment Expense <sup>1</sup>	(33,113)	(54,869)	(30,078)	(118,060)
Net Investment Income (Loss)	3,855,429	2,237,195	1,043,412	7,136,036
<b>Total Additions</b>	4,171,388	2,798,022	1,347,921	8,317,331
<b>DEDUCTIONS</b>				
Distributions to Members:				
Benefit Payments	898,607	530,247	120,239	1,549,093
Refunds of Member Contributions	7,926	48,540	2,403	58,869
Total Distributions	906,533	578,787	122,642	1,607,962
Administrative Expense	56,215	59,834	35,194	151,243
<b>Total Deductions</b>	962,748	638,621	157,836	1,759,205
<b>Change in Net Position</b>	3,208,640	2,159,401	1,190,085	6,558,126
<b>Net Position - Beginning of Year</b>	17,443,280	11,965,873	5,583,764	34,992,917
<b>Net Position - End of Year</b>	\$ 20,651,920	\$ 14,125,274	\$ 6,773,849	\$ 41,551,043

<sup>1</sup> Investment related expenses include investment advisory, custodial and performance monitoring fees.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### 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, 2021**

### NOTE 8 - PENSION PLANS *(Continued)*

#### **Plan Description *(Continued)***

*Plan Membership as of October 1, 2020*

	GEPP	PPP	FPP
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	79	20	23
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	89	11	8
Active Plan Members	84	31	18
	252	62	49

#### *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: Years of Service                      Vested %

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, 2021

### 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: 3.25% 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 1.38% 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, 2021**

**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 \$209,393 to the GEPP, \$378,377 to the PPP, and \$240,680 to the FPP, including state contributions for the PPP and FPP. For the year ended September 30, 2021 the active member contribution rate and the City’s contribution rate was as follows:

	GEPP	PPP	FPP
Active member contribution rate	2.70%	8.00%	5.00%
City's contribution rate	5.30%	12.10%	8.10%

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### NOTE 8 - PENSION PLANS *(Continued)*

#### Investments

*Investment Policy.* The following was the Board's adopted asset allocation policy as of September 30, 2021:

	<u>Target Allocation</u>		
	GEPP	PPP	FPP
Domestic Equity	40%	45%	45%
International Equity	10%	15%	15%
Domestic Fixed Income	30%	35%	35%
Global Fixed Income	5%	--	5%
Global Tactical Asset Allocation	5%	--	--
Real Estate	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, 2021 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
22.50%	18.83%	18.70%

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 asset is \$(3,280,682). The components of the City's \$357,145 net pension liability and \$(3,637,827) net pension asset of the Plans as of September 30, 2021 were as follows:

	GEPP	PPP	FPP
Total Pension Liability	\$ 17,014,222	\$ 14,205,925	\$ 7,050,343
Plan Fiduciary Net Position	20,652,049	14,125,274	6,773,849
City's Net Pension Liability (Asset)	\$ (3,637,827)	\$ 80,651	\$ 276,494

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	121.38%	99.43%	96.08%
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# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2021**

### 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, 2020 updated to September 30, 2021 using the following actuarial assumptions applied to all measurement periods.

	GEPP	PPP	FPP
Inflation	2.50%	2.50%	3.00%
Salary Increases	Service based	5.50%	Service based
Discount Rate	7.00%	7.15%	7.30%
Investment Rate of Return	7.00%	7.15%	7.30%

Mortality rates were factored using the following:

GEPP – Healthy Active Lives PubG.H-2010 for Employees: Males – (below median) set back one year; Females – no adjustment. Healthy Retiree Lives PubG.H-2010 for Healthy Retirees: Males – (below median) set back one year; Females – no adjustment. Beneficiary Lives PubG.H-2010 for Healthy Retirees: Males – set back one year; Females – (below median). Disabled Lives PubG.H-2010 for Disabled Retirees: Males and Females – set forward three years. All rates are projected generationally with mortality improvement scale MP-2018. The significant assumptions were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions 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, 2021 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

PPP - Healthy Active Lives PubS.H-2010 for Employees: Males and Females – set forward one year. Healthy Retiree Lives PubS.H-2010 for Healthy Retirees: Males – (below median) set forward one year; Females – set forward one year. Beneficiary Lives PubG.H-2010 for Healthy Retirees: Males – (below median) set back one year; Females – (below median). Disabled Lives 80% PubG.H-2010 for Disabled Retirees and 20% PubS.H-2010 for Disabled Retirees. All rates are projected generationally with mortality improvement scale MP-2018. The significant assumptions were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions 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, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### NOTE 8 - PENSION PLANS *(Continued)*

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

FPP - Healthy Active Lives PubS.H-2010 for Employees: Males and Females – set forward one year, Males – (below median). Healthy Retiree Lives PubS.H-2010 for Healthy Retirees: Males and Females – (below median) set forward one year. Beneficiary Lives PubG.H-2010 for Healthy Retirees: Males – (below median) set back one year; Females – (below median). Disabled Lives 80% PubG.H-2010 for Disabled Retirees and 20% PubS.H-2010 for Disabled Retirees. All rates are projected generationally with mortality improvement scale MP-2018. The significant assumptions were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions 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, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

#### *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, 2021 are summarized in the following table:

	Long Term Expected		
	GEPP	PPP	FPP
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%	--	3.5%
Global Tactical Asset Allocation	3.5%	--	--
Real Estate	4.5%	4.5%	--
REITS	2.5%	--	--



**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

**NOTE 8 - PENSION PLANS (Continued)**

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

*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
	6.00%	7.00%	8.00%
Net Pension			
Liability (Asset)	\$ (1,634,571)	\$ (3,637,827)	\$ (5,323,784)

	<u>PPP</u>		
	1% Decrease	Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension			
Liability (Asset)	\$ 1,977,735	\$ 80,651	\$ (1,492,089)

	<u>FPP</u>		
	1% Decrease	Discount Rate	1% Increase
	6.30%	7.30%	8.30%
Net Pension			
Liability (Asset)	\$ 1,265,013	\$ 276,494	\$ (538,948)

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2021

### NOTE 8 - PENSION PLANS *(Continued)*

#### 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, 2021.

	GEPP	PPP	FPP	Total
<b>Total Pension Liability</b>				
Service Cost	\$ 302,347	\$ 388,613	\$ 245,210	\$ 936,170
Interest	1,144,487	965,942	473,233	2,583,662
Change in Excess State Monies	-	-	10,796	10,796
Share Plan Allocation	-	8,915	12,865	21,780
Change in Benefit Terms	-	-	544,901	544,901
Difference Between Actual and Expected Experience	91,833	55,814	120,611	268,258
Change of Assumptions	445,144	585,420	175,586	1,206,150
Benefit Payments	(906,534)	(578,786)	(122,642)	(1,607,962)
<b>Net Change in Total Pension Liability</b>	1,077,277	1,425,918	1,460,560	3,963,755
<b>Total Pension Liability - Beginning</b>	15,936,945	12,780,007	5,589,783	34,306,735
<b>Total Pension Liability - Ending (a)</b>	17,014,222	14,205,925	7,050,343	38,270,490
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	209,393	276,260	132,717	618,370
Contributions - State	-	102,117	107,963	210,080
Contributions - Member	106,672	182,450	63,829	352,951
Net Investment Income	3,855,559	2,237,195	1,043,412	7,136,166
Benefit Payments, including Refunds of Contributions	(906,534)	(578,786)	(122,642)	(1,607,962)
Administrative Expense	(56,215)	(59,835)	(35,194)	(151,244)
<b>Net Change in Plan Fiduciary Net Position</b>	3,208,875	2,159,401	1,190,085	6,558,361
<b>Plan Fiduciary Net Position - Beginning</b>	17,443,174	11,965,873	5,583,764	34,992,811
<b>Plan Fiduciary Net Position - Ending (b)</b>	20,652,049	14,125,274	6,773,849	41,551,172
<b>Net Pension Liability (Asset) (a) - (b)</b>	\$ (3,637,827)	\$ 80,651	\$ 276,494	\$ (3,280,682)

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

**NOTE 8 - PENSION PLANS (Continued)**

For the year ended September 30, 2021, the City recognized pension expense of \$407,920, (\$149,691 related to the PPP, \$701,128 related to the FPP and a credit of \$442,899 related to the GEPP).

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>GEPP</u>	
	<u>Deferred Outflows (Deferred Inflows)</u>	
Difference between expected and actual experience	109,760	-
Difference for change in assumptions	333,858	(125,476)
Net difference between projected and actual earnings on plan investments	-	(1,922,645)
	 <u>PPP</u>	
	<u>Deferred Outflows (Deferred Inflows)</u>	
Difference between expected and actual experience	41,862	(355,174)
Difference for change in assumptions	439,065	(139,922)
Net difference between projected and actual earnings on plan investments	-	(1,054,782)
	 <u>FPP</u>	
	<u>Deferred Outflows (Deferred Inflows)</u>	
Difference between expected and actual experience	90,459	(3,420)
Difference for change in assumptions	131,691	(27,268)
Net difference between projected and actual earnings on plan investments	-	(500,791)
<b>Total All Plans</b>	<u>\$ 1,146,695</u>	<u>\$ (4,129,478)</u>

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2021**

### 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
2022	\$ (361,878)	\$ (327,494)	\$ (65,789)	\$ (755,161)
2023	(323,575)	(323,899)	(43,930)	(691,404)
2024	(396,176)	(149,024)	(75,784)	(620,984)
2025	(522,874)	(268,534)	(123,826)	(915,234)
2026	-	-	-	-
	<b>\$ (1,604,503)</b>	<b>\$ (1,068,951)</b>	<b>\$ (309,329)</b>	<b>\$ (2,982,783)</b>

#### **Payable to the Pension Plans**

On September 30, 2021, the City reported a payable of \$29,314 for the outstanding amount of contributions to the fire pension plan required for the year ended September 30, 2021.

### 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 20% for the City Manager. The DC Plan does not require contributions from members. For the year ended September 30, 2021, the City recognized pension expense of \$68,484. 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, 2021

### 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, 2021**

### **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, 2021, 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, 2021. The measurement period for OPEB cost was October 1, 2020 to September 30, 2021. The components of the City's net OPEB liability are as follows:

Total OPEB Liability	\$ 1,009,203
OPEB Plan Fiduciary Net Position	-
City's Net OPEB Liability	\$ 1,009,203
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 2021
<u>Total OPEB Liability</u>	
Service Cost	\$ 59,286
Interest	22,373
Difference between Expected and Actual Experience	(3,347)
Benefit Payments	(22,154)
Net Change in Total OPEB Liability	56,158
Total OPEB Liability, Beginning	953,045
Total OPEB Liability, Ending	\$ 1,009,203

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2021**

### **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, 2021 was based on an actuarial valuation dated October 1, 2021 using the following actuarial assumptions:

Inflation	3.0% per annum
Discount Rate	2.26%
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	Trend Rate	1% Increase
	2.9 - 4.4%	3.9 - 5.4%	4.9 - 6.4%
Total OPEB Liability	\$ 866,706	\$ 1,009,203	\$ 1,210,723

#### **Discount Rate and OPEB Liability Sensitivity to Discount Rate**

The discount rate used to measure the total OPEB liability reported as of September 30, 2021 was 2.26%. 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
	1.26%	2.26%	3.26%
Total OPEB Liability	\$ 1,190,145	\$ 1,009,203	\$ 880,667

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

**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, 2021, the City recognized OPEB expense of \$99,752. At September 30, 2021, 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	\$ 243,251	\$ 22,219
Change of Assumptions and Other Inputs	3,663	-
	<u>\$ 246,914</u>	<u>\$ 22,219</u>

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 Outflows
2022	\$ 18,093
2023	18,093
2024	18,093
2025	18,093
2026	18,093
Thereafter	134,230
	<u>\$ 224,695</u>

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**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 \$4,165,836 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, 2021

### NOTE 12 - COMMITMENTS AND CONTINGENCIES *(Continued)*

#### Encumbrances

At September 30, 2021, the City has outstanding encumbrances in several funds reported within appropriate fund balance and net position classifications as follows:

	Amount	Classification
<u>Major Funds:</u>		
General Fund	\$ 150,349	Assigned fund balance
Capital Projects Fund	46,958	Restricted fund balance
Sanitation	4,766	Unrestricted net position
Marina	268,123	Unrestricted net position
<u>Nonmajor Fund:</u>		
Waterfront Redevelopment District	8,500	Restricted fund balance
	<u>\$ 478,696</u>	

#### 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

At September 30, 2021, the City has significant construction commitments totaling \$2,639,725 to Midcoast Construction Enterprises and \$113,075 to Cardno Inc. as part of the Lift Station 2 Force Main Extension and Lift Station Improvement project in the Water and Sewer Fund, and \$90,000 to Smith Fence Company for the Dry Storage project at the Marina.

#### Contingency

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) pandemic. The pandemic is continuing to affect communities and business operations, as well as the US economy. On September 8, 2021, the U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) through the Florida Division of Emergency Management, awarded the City \$6,181,536 as part of the American Rescue Plan Act (ARPA). The award will be presented to the City in two tranches in fiscal year 2022 with the first tranche received October 7, 2021.

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

**NOTE 13 - COMMUNITY REDEVELOPMENT AGENCY ("CRA")**

The 49<sup>th</sup> 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, 2021**

	<b>49th Street Redevelopment District</b>	<b>Waterfront Redevelopment District</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 12,089	\$ 706,722
Accounts Receivable (Net)	-	4,169
Prepays	-	838
<b>Total Assets</b>	<u>\$ 12,089</u>	<u>\$ 711,729</u>
 <b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ 629
Accrued Liabilities	126	43
<b>Total Liabilities</b>	<u>126</u>	<u>672</u>
 <b>FUND BALANCES</b>		
Nonspendable Prepaid Items	-	838
Restricted for Waterfront Redevelopment	-	90,980
Assigned for 49th Street Redevelopment	11,963	-
Assigned for Beach Renourishment	-	80,000
Assigned for Williams Pier	-	40,000
Assigned for Waterfront Redevelopment	-	499,239
<b>Total Fund Balances</b>	<u>11,963</u>	<u>711,057</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 12,089</u>	<u>\$ 711,729</u>

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2021**

**NOTE 13 - 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, 2021

	<u>49th Street Redevelopment District</u>	<u>Waterfront Redevelopment District</u>
<b>REVENUES</b>		
Taxes	\$ -	\$ 425,928
Miscellaneous Revenues	-	886
<b>Total Revenues</b>	<u>-</u>	<u>426,814</u>
<b>EXPENDITURES</b>		
Current:		
Community Development/Redevelopment	-	334,948
<b>Total Expenditures</b>	<u>-</u>	<u>334,948</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>91,866</u>
<b>Fund Balances - Beginning</b>	<u>11,963</u>	<u>619,191</u>
<b>Fund Balances - Ending</b>	<u>\$ 11,963</u>	<u>\$ 711,057</u>

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## **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, 2021

	<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>		
<b>REVENUES</b>				
Taxes	\$ 7,054,183	\$ 7,054,183	\$ 7,004,977	\$ (49,206)
Permits and Fees	686,695	686,695	755,468	68,773
Intergovernmental Revenues	2,229,258	2,229,258	3,001,236	771,978
Charges for Services	2,949,315	2,949,315	2,569,237	(380,078)
Fines and Forfeitures	86,002	86,002	53,633	(32,369)
Investment Income	43,000	43,000	8,941	(34,059)
Miscellaneous Revenues	342,924	347,924	283,012	(64,912)
<b>Total Revenues</b>	<u>13,391,377</u>	<u>13,396,377</u>	<u>13,676,504</u>	<u>280,127</u>
<b>EXPENDITURES</b>				
General Government				
Legislative	407,060	407,060	369,096	(37,964)
Legal	100,000	137,147	137,147	-
Executive	303,362	301,562	286,722	(14,840)
Financial	705,192	715,278	662,716	(52,562)
Information Technology	271,180	291,476	291,093	(383)
Total	<u>1,786,794</u>	<u>1,852,523</u>	<u>1,746,774</u>	<u>(105,749)</u>
Public Safety				
Fire	2,019,277	2,079,615	2,095,365	15,750
Police	4,148,019	4,248,655	4,010,861	(237,794)
Total	<u>6,167,296</u>	<u>6,328,270</u>	<u>6,106,226</u>	<u>(222,044)</u>
Recreation				
Library	795,119	781,404	763,462	(17,942)
Office of Director	78,925	78,925	72,732	(6,193)
Elderly Mobility Service	145,398	167,371	133,681	(33,690)
Recreation Center	811,148	770,561	586,910	(183,651)
Casino	463,380	463,658	303,324	(160,334)
Theater	199,229	199,229	156,836	(42,393)
Parks	970,620	1,020,050	993,760	(26,290)
Senior Center	266,672	266,672	241,490	(25,182)
Total	<u>3,730,491</u>	<u>3,747,870</u>	<u>3,252,195</u>	<u>(495,675)</u>
Community Development				
Planning & Development	315,016	313,336	259,885	(53,451)
Building Inspections	684,978	651,870	560,523	(91,347)
Total	<u>999,994</u>	<u>965,206</u>	<u>820,408</u>	<u>(144,798)</u>

*Continued*

**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - Continued**  
**GENERAL FUND**  
For the Year Ended September 30, 2021

	<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>		
<b>EXPENDITURES (Continued)</b>				
Public Works				
Building Maintenance	\$ 250,962	\$ 269,871	\$ 269,871	\$ -
Central Garage	832,672	591,830	484,572	(107,258)
Office of Director	165,933	164,243	139,999	(24,244)
Streets	650,319	711,470	711,470	-
Total	<u>1,899,886</u>	<u>1,737,414</u>	<u>1,605,912</u>	<u>(131,502)</u>
<b>Total Expenditures</b>	<u>14,584,461</u>	<u>14,631,283</u>	<u>13,531,515</u>	<u>(1,099,768)</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(1,193,084)</u>	<u>(1,234,906)</u>	<u>144,989</u>	<u>1,379,895</u>
<b>OTHER FINANCING SOURCES</b>				
<b>AND (USES)</b>				
Transfers In	1,213,084	1,213,084	1,213,084	-
Transfers (Out)	<u>(20,000)</u>	<u>(100,000)</u>	<u>(80,000)</u>	<u>20,000</u>
<b>Total Other Financing</b>				
<b>Sources and (Uses)</b>	<u>1,193,084</u>	<u>1,113,084</u>	<u>1,133,084</u>	<u>20,000</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>(121,822)</u>	<u>1,278,073</u>	<u>1,399,895</u>
<b>Fund Balance - Beginning</b>	<u>3,322,326</u>	<u>3,322,326</u>	<u>3,322,326</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 3,322,326</u>	<u>\$ 3,200,504</u>	<u>\$ 4,600,399</u>	<u>\$ 1,399,895</u>



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

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Pension Liability				
Service Cost	\$ 388,613	\$ 391,676	\$ 389,379	\$ 351,591
Interest	965,942	954,620	931,787	849,234
Share Plan Allocation	8,915	8,862	10,804	8,757
Changes of Benefit Terms	-	-	129,476	-
Differences Between Expected and Actual Experience	55,814	(361,584)	(435,954)	280,707
Changes of Assumptions	585,420	(279,845)	-	-
Contributions - Buy Back	-	-	-	15,940
Benefit Payments, Including Refunds of Employee Contributions	<u>(578,786)</u>	<u>(540,625)</u>	<u>(647,121)</u>	<u>(498,444)</u>
Net Change in Total Pension Liability	1,425,918	173,104	378,371	1,007,785
Total Pension Liability - Beginning	<u>12,780,007</u>	<u>12,606,903</u>	<u>12,228,532</u>	<u>11,220,747</u>
Total Pension Liability - Ending (a)	<u>\$ 14,205,925</u>	<u>\$ 12,780,007</u>	<u>\$ 12,606,903</u>	<u>\$ 12,228,532</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 276,260	\$ 299,758	\$ 345,305	\$ 286,047
Contributions - State	102,117	102,009	105,893	101,801
Contributions - Employee	182,450	178,594	177,043	172,314
Contributions - Buy Back	-	-	-	15,940
Net Investment Income	2,237,195	1,024,708	427,723	753,861
Benefit Payments, Including Refunds of Employee Contributions	(578,786)	(540,625)	(647,121)	(498,444)
Administrative Expense	<u>(59,835)</u>	<u>(43,030)</u>	<u>(43,366)</u>	<u>(51,060)</u>
Net Change in Plan Fiduciary Net Position	2,159,401	1,021,414	365,477	780,459
Plan Fiduciary Net Position - Beginning	<u>11,965,873</u>	<u>10,944,459</u>	<u>10,578,982</u>	<u>9,798,523</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,125,274</u>	<u>\$ 11,965,873</u>	<u>\$ 10,944,459</u>	<u>\$ 10,578,982</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 80,651</u>	<u>\$ 814,134</u>	<u>\$ 1,662,444</u>	<u>\$ 1,649,550</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.43%	93.63%	86.81%	86.51%
Covered payroll	\$ 2,280,629	\$ 2,232,422	\$ 2,213,041	\$ 2,153,923
Net Pension Liability as a Percentage of Covered payroll	3.54%	36.47%	75.12%	76.58%

**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>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability				
Service Cost	\$ 413,848	\$ 362,330	\$ 365,388	\$ 334,035
Interest	807,364	729,221	715,821	672,178
Change in Excess State Money	-	(2,819)	2,819	-
Share Plan Allocation	4,450	5,930	-	-
Changes of Benefit Terms	-	-	21,042	20,404
Differences Between Expected and Actual Experience	123,717	46,622	(420,290)	-
Changes of Assumptions	132,292	322,474	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(529,340)</u>	<u>(490,278)</u>	<u>(479,625)</u>	<u>(511,332)</u>
Net Change in Total Pension Liability	952,331	973,480	205,155	515,285
Total Pension Liability - Beginning	<u>10,268,416</u>	<u>9,294,936</u>	<u>9,089,781</u>	<u>8,574,496</u>
Total Pension Liability - Ending (a)	<u>\$ 11,220,747</u>	<u>\$ 10,268,416</u>	<u>\$ 9,294,936</u>	<u>\$ 9,089,781</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 225,173	\$ 208,907	\$ 280,862	\$ 409,967
Contributions - State	93,186	93,326	90,084	86,155
Contributions - Employee	165,215	157,729	154,189	146,999
Net Investment Income	950,148	603,881	(63,986)	781,414
Benefit Payments, Including Refunds of Employee Contributions	(529,340)	(490,278)	(479,625)	(511,332)
Administrative Expense	<u>(62,929)</u>	<u>(37,730)</u>	<u>(41,565)</u>	<u>(32,563)</u>
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	841,453	535,835	(60,041)	880,640
Plan Fiduciary Net Position - Beginning	<u>8,957,070</u>	<u>8,421,235</u>	<u>8,481,276</u>	<u>7,600,636</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,798,523</u>	<u>\$ 8,957,070</u>	<u>\$ 8,421,235</u>	<u>\$ 8,481,276</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,422,224</u>	<u>\$ 1,311,346</u>	<u>\$ 873,701</u>	<u>\$ 608,505</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.33%	87.23%	90.60%	93.31%
Covered payroll	\$ 2,065,190	\$ 1,971,612	\$ 1,927,761	\$ 1,837,490
Net Pension Liability as a Percentage of Covered payroll	68.87%	66.51%	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 eight fiscal years.

**Changes of assumptions:**

For measurement date 09/30/2021, the investment rate of return was lowered from 7.50% to 7.15% per year, net of investment related expenses.

**PRIOR YEAR NOTES TO SCHEDULE:**

**Changes of assumptions:**

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

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.

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

**PRIOR YEAR NOTES TO SCHEDULE (continued):**

**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.

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>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Pension Liability				
Service Cost	\$ 245,210	\$ 153,866	\$ 140,184	\$ 149,429
Interest	473,233	398,726	363,586	364,329
Change in Excess State Money	10,796	8,800	8,074	8,474
Share Plan Allocation	12,865	9,869	3,656	8,882
Changes of Benefit Terms	544,901	164,956	(83,212)	37,711
Differences Between Expected and Actual Experience	120,611	(10,260)	(106,460)	(173,374)
Changes of Assumptions	175,586	(81,804)	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(122,642)</u>	<u>(119,932)</u>	<u>(119,171)</u>	<u>(117,392)</u>
Net Change in Total Pension Liability	1,460,560	524,221	206,657	278,059
Total Pension Liability - Beginning	<u>5,589,783</u>	<u>5,065,562</u>	<u>4,858,905</u>	<u>4,580,846</u>
Total Pension Liability - Ending (a)	<u>\$ 7,050,343</u>	<u>\$ 5,589,783</u>	<u>\$ 5,065,562</u>	<u>\$ 4,858,905</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 132,717	\$ 122,823	\$ 114,388	\$ 92,253
Contributions - State	107,963	87,999	80,741	84,737
Contributions - Employee	63,829	59,306	47,025	44,590
Net Investment Income	1,043,412	506,717	195,599	294,169
Benefit Payments, Including Refunds of Employee Contributions	(122,642)	(119,932)	(119,171)	(117,392)
Administrative Expense	<u>(35,194)</u>	<u>(40,830)</u>	<u>(42,016)</u>	<u>(40,958)</u>
Net Change in Plan Fiduciary Net Position	1,190,085	616,083	276,566	357,399
Plan Fiduciary Net Position - Beginning	<u>5,583,764</u>	<u>4,967,681</u>	<u>4,691,115</u>	<u>4,333,716</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,773,849</u>	<u>\$ 5,583,764</u>	<u>\$ 4,967,681</u>	<u>\$ 4,691,115</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 276,494</u>	<u>\$ 6,019</u>	<u>\$ 97,881</u>	<u>\$ 167,790</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.08%	99.89%	98.07%	96.55%
Covered payroll	\$ 1,276,582	\$ 1,186,130	\$ 940,505	\$ 891,807
Net Pension Liability as a Percentage of Covered payroll	21.66%	0.51%	10.41%	18.81%

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

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability				
Service Cost	\$ 152,339	\$ 161,384	\$ 160,502	\$ 146,050
Interest	359,763	339,327	309,885	285,042
Change in Excess State Money	8,268	9,292	9,553	12,377
Share Plan Allocation	14,290	-	-	-
Changes of Benefit Terms	(180,957)	(41,492)	(29,384)	25,161
Differences Between Expected and Actual Experience	(460,613)	(12,721)	75,658	-
Changes of Assumptions	66,326	75,795	-	158,627
Benefit Payments, Including Refunds of Employee Contributions	<u>(117,165)</u>	<u>(122,139)</u>	<u>(153,677)</u>	<u>(124,928)</u>
Net Change in Total Pension Liability	(157,749)	409,446	372,537	502,329
Total Pension Liability - Beginning	<u>4,738,595</u>	<u>4,329,149</u>	<u>3,956,612</u>	<u>3,454,283</u>
Total Pension Liability - Ending (a)	<u>\$ 4,580,846</u>	<u>\$ 4,738,595</u>	<u>\$ 4,329,149</u>	<u>\$ 3,956,612</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 153,107	\$ 148,544	\$ 163,946	\$ 119,241
Contributions - State	82,682	92,921	95,531	123,764
Contributions - Employee	46,373	47,185	49,392	47,067
Net Investment Income	454,330	241,498	(57,458)	316,924
Benefit Payments, Including Refunds of Employee Contributions	(117,165)	(122,139)	(153,677)	(124,928)
Administrative Expense	<u>(43,038)</u>	<u>(29,214)</u>	<u>(36,745)</u>	<u>(23,058)</u>
Net Change in Plan Fiduciary Net Position	576,289	378,795	60,989	459,010
Plan Fiduciary Net Position - Beginning	<u>3,757,427</u>	<u>3,378,632</u>	<u>3,317,643</u>	<u>2,858,633</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,333,716</u>	<u>\$ 3,757,427</u>	<u>\$ 3,378,632</u>	<u>\$ 3,317,643</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 247,130</u>	<u>\$ 981,168</u>	<u>\$ 950,517</u>	<u>\$ 638,969</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.61%	79.29%	78.04%	83.85%
Covered payroll	\$ 927,464	\$ 943,708	\$ 988,134	\$ 941,341
Net Pension Liability as a Percentage of Covered payroll	26.65%	103.97%	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 eight fiscal years.

**Changes of Benefit Terms:**

For measurement date 09/30/2021, the following benefit changes have been reflected:

1. Increase the benefit accrual rate for all service for Members who terminate employment on or after April 21, 2009 from 3.07% to 3.25% of Average Final Compensation per year of Credited Service.
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 0.38% per year to 1.38%.

**Changes of Assumptions:**

For measurement date 09/30/2021, the investment rate of return was lowered from 7.5% to 7.3% per year, net of investment related expenses.

**PRIOR YEAR NOTES TO SCHEDULE:**

**Changes of Benefit Terms:**

For measurement date 09/30/2020, the following benefit changes have been reflected:

1. Increase the benefit accrual rate for all service for Members who terminate employment on or after April 21, 2009 from 3.00% to 3.07% of Average Final Compensation per 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 0.02% per year to 0.38%.

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.

**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):**

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%.

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%.

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%.



**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 Assumptions:**

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

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**

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total Pension Liability				
Service Cost	\$ 302,347	\$ 283,925	\$ 271,856	\$ 233,428
Interest	1,144,487	1,117,006	1,089,995	1,040,024
Differences Between Expected and Actual Experience	91,833	81,772	(186,030)	147,269
Changes of Assumptions	445,144	(250,952)	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(906,534)</u>	<u>(835,728)</u>	<u>(794,927)</u>	<u>(744,843)</u>
Net Change in Total Pension Liability	1,077,277	396,023	380,894	675,878
Total Pension Liability - Beginning	<u>15,936,945</u>	<u>15,540,922</u>	<u>15,160,028</u>	<u>14,484,150</u>
Total Pension Liability - Ending (a)	<u>\$ 17,014,222</u>	<u>\$ 15,936,945</u>	<u>\$ 15,540,922</u>	<u>\$ 15,160,028</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 209,393	\$ 197,990	\$ 184,593	\$ 164,641
Contributions - Employee	106,672	99,048	92,296	89,157
Net Investment Income	3,855,559	1,234,357	619,714	1,330,123
Benefit Payments, Including Refunds of Employee Contributions	(906,534)	(835,728)	(794,927)	(744,843)
Administrative Expense	<u>(56,215)</u>	<u>(54,033)</u>	<u>(61,631)</u>	<u>(56,105)</u>
Net Change in Plan Fiduciary Net Position	3,208,875	641,634	40,045	782,973
Plan Fiduciary Net Position - Beginning	<u>17,443,174</u>	<u>16,801,540</u>	<u>16,761,495</u>	<u>15,978,522</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,652,049</u>	<u>\$ 17,443,174</u>	<u>\$ 16,801,540</u>	<u>\$ 16,761,495</u>
Net Pension Asset - Ending (a) - (b)	<u>\$ (3,637,827)</u>	<u>\$ (1,506,229)</u>	<u>\$ (1,260,618)</u>	<u>\$ (1,601,467)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	121.38%	109.45%	108.11%	110.56%
Covered payroll	\$ 3,950,807	\$ 3,668,429	\$ 3,418,372	\$ 3,302,099
Net Pension Asset as a Percentage of Covered payroll	-92.08%	-41.06%	-36.88%	-48.50%

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

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total Pension Liability				
Service Cost	\$ 226,567	\$ 216,372	\$ 269,179	\$ 255,660
Interest	1,005,364	963,742	949,742	905,991
Changes of benefit terms	181,204	-	-	-
Differences Between Expected and Actual Experience	(61,382)	5,622	(163,109)	-
Changes of Assumptions	-	(149,200)	200,531	-
Contributions - Buy Back	37,041	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(727,935)</u>	<u>(579,725)</u>	<u>(567,825)</u>	<u>(615,831)</u>
Net Change in Total Pension Liability	660,859	456,811	688,518	545,820
Total Pension Liability - Beginning	<u>13,823,291</u>	<u>13,366,480</u>	<u>12,677,962</u>	<u>12,132,142</u>
Total Pension Liability - Ending (a)	<u>\$ 14,484,150</u>	<u>\$ 13,823,291</u>	<u>\$ 13,366,480</u>	<u>\$ 12,677,962</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 154,351	\$ 245,147	\$ 554,653	\$ 538,169
Contributions - Employee	81,514	76,080	74,112	73,822
Contributions - Buy Back	37,041	-	-	-
Net Investment Income	1,909,526	1,322,566	(274,556)	1,325,707
Benefit Payments, Including Refunds of Employee Contributions	(727,935)	(579,725)	(567,825)	(615,831)
Administrative Expense	<u>(56,001)</u>	<u>(61,138)</u>	<u>(56,985)</u>	<u>(49,667)</u>
Net Change in Plan Fiduciary Net Position	1,398,496	1,002,930	(270,601)	1,272,200
Plan Fiduciary Net Position - Beginning	<u>14,580,026</u>	<u>13,577,096</u>	<u>13,847,697</u>	<u>12,575,497</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 15,978,522</u>	<u>\$ 14,580,026</u>	<u>\$ 13,577,096</u>	<u>\$ 13,847,697</u>
Net Pension Asset - Ending (a) - (b)	<u>\$ (1,494,372)</u>	<u>\$ (756,735)</u>	<u>\$ (210,616)</u>	<u>\$ (1,169,735)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	110.32%	105.47%	101.58%	109.23%
Covered payroll	\$ 3,019,032	\$ 2,837,465	\$ 2,705,700	\$ 2,734,138
Net Pension Asset as a Percentage of Covered payroll	-49.50%	-26.67%	-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 seven fiscal years.

**Changes of Assumptions:**

For measurement date 09/30/2021, the investment rate of return was lowered from 7.25% to 7.00% per year, net of investment related expenses.

**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 09/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for non-special-risk employees, with appropriate adjustments made based on plan demographics.

Additionally, the inflation rate assumption was lowered from 3.0% to 2.5%.

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
9/30/2021	\$ 369,462	\$ 369,462	\$ -	\$ 2,280,629	16.20%
9/30/2020	\$ 392,906	\$ 392,906	\$ -	\$ 2,232,422	17.60%
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 2021. Subsequent years will be added as available.

Valuation Date: 10/1/2019

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 Lives:**

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB. Male: RP2000 Generational, 10% Combined HH. 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 scale.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions 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. 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%	11.80%
40	0.07%	6.40%
50	0.18%	1.70%

**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
9/30/2021	\$ 217,019	\$ 217,019	\$ -	\$ 1,276,582	17.00%
9/30/2020	\$ 192,153	\$ 192,153	\$ -	\$ 1,186,130	16.20%
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 2021. Subsequent years will be added as available.

Valuation Date: 10/01/2019 (AIS 01/11/2021)

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:

**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 scale.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions 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 for special risk employees. 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 on following page (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 (1201). It is assumed that 75% of disablements 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. We feel this assumption is reasonable based upon the plan provisions but do not have sufficient data to develop retirement rates.

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.

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.

Cost-of-Living (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.

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



**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
9/30/2021	\$ 209,393	\$ 209,393	\$ -	\$ 3,950,807	5.30%
9/30/2020	\$ 198,095	\$ 197,990	\$ 105	\$ 3,668,429	5.40%
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 2021. Subsequent years will be added as available.

Valuation Date: 10/1/2019

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 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

**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 the July 1, 2016 FRS actuarial valuation report for non-special risk lives. 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.

Years of Service	% Terminating During the Year
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.

Age	% Retiring During the Year
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.

Years of Service	Salary Increase
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 INVESTMENT RETURNS**  
 Last 10 Fiscal Years

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

<u>Year Ended September 30</u>	<u>General Employees</u>	<u>Firefighters</u>	<u>Police Officers</u>
2021	22.50%	18.70%	18.83%
2020	7.47%	10.23%	9.45%
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. 68 for the fiscal year ended September 30, 2014. As a result, this information is only available for the past eight fiscal years.

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

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 59,286	\$ 54,432	\$ 43,499	\$ 46,052
Interest	22,373	23,641	21,291	20,112
Difference between expected and actual experience	(3,347)	282,485	(23,146)	(803)
Change of assumptions and other inputs	-	-	4,578	-
Benefit payments	<u>(22,154)</u>	<u>(22,154)</u>	<u>(33,000)</u>	<u>(32,919)</u>
Net change in total OPEB liability	56,158	338,404	13,222	32,442
Total OPEB liability - beginning	<u>953,045</u>	<u>614,641</u>	<u>601,419</u>	<u>568,977</u>
Total OPEB liability - ending	<u>\$1,009,203</u>	<u>\$ 953,045</u>	<u>\$ 614,641</u>	<u>\$ 601,419</u>
Covered-employee payroll	\$8,703,580	\$8,249,747	\$7,771,070	\$7,564,210
Total OPEB liability as a percentage of covered-employee payroll	11.60%	11.55%	7.91%	7.95%

**NOTES TO SCHEDULE:**

1. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB75
2. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**Changes of Benefit Terms:**

None

**Changes of Assumptions:**

The discount rate changed to 2.26% in current year from 2.21% in prior year.

**PRIOR YEAR NOTES TO SCHEDULE:**

**Changes of Assumptions:**

For measurement date 09/30/2020: Discount rate changed to 2.21% in current year from 3.58% in prior year.

For measurement date 09/30/2019: Discount rate decreased to 3.58% from 3.64% in the prior year.

**Other:**

Benefit payments includes Implicit Subsidy Contribution of \$33,000

## **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

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**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
For the Year Ended September 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 1,354,257	\$ 1,523,675	\$ 169,418
Permits and Fees	-	15,618	15,618
Intergovernmental Revenues	71,486	-	(71,486)
Miscellaneous Revenues	20,741	18,927	(1,814)
<b>Total Revenues</b>	<u>1,446,484</u>	<u>1,558,220</u>	<u>111,736</u>
<b>EXPENDITURES</b>			
General Government			
Capital Outlay	265,626	140,093	(125,533)
Public Safety			
Capital Outlay	529,278	361,507	(167,771)
Public Works			
Capital Outlay	433,180	418,656	(14,524)
Debt Service			
Principal	152,752	152,755	3
Interest	5,172	5,163	(9)
<b>Total Expenditures</b>	<u>1,386,008</u>	<u>1,078,174</u>	<u>(307,834)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>60,476</u>	<u>480,046</u>	<u>419,570</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers (Out)	(294,173)	(293,244)	929
<b>Total Other Financing Sources and (Uses)</b>	<u>(294,173)</u>	<u>(293,244)</u>	<u>929</u>
<b>Net Change in Fund Balance</b>	(233,697)	186,802	420,499
<b>Fund Balance - Beginning</b>	<u>135,961</u>	<u>135,961</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ (97,736)</u>	<u>\$ 322,763</u>	<u>\$ 420,499</u>

**CITY OF GULFPORT, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
September 30, 2021

Special Revenue Funds

	49th Street		Law		Waterfront	Total	Nonmajor	Nonmajor	Total
	Redevelopment	American	Enforcement	Library	Redevelopment	Special	Capital Project	Total Nonmajor	
	District	Rescue Plan	Trust	Fund	District	Funds	Fund	Funds	
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 12,089	\$ -	\$ 2,000	\$ 45,832	\$ 706,722	\$ 766,643	\$ 16,920	\$ 783,563	
Accounts Receivable (net)	-	1,768	-	-	4,169	5,937	-	5,937	
Prepaid Items	-	-	-	-	838	838	-	838	
<b>Total Assets</b>	<u>12,089</u>	<u>1,768</u>	<u>2,000</u>	<u>45,832</u>	<u>711,729</u>	<u>773,418</u>	<u>16,920</u>	<u>790,338</u>	
<b>LIABILITIES</b>									
Accounts Payable	-	1,768	-	-	629	2,397	-	2,397	
Accrued Liabilities	126	-	-	-	43	169	-	169	
<b>Total Liabilities</b>	<u>126</u>	<u>1,768</u>	<u>-</u>	<u>-</u>	<u>672</u>	<u>2,566</u>	<u>-</u>	<u>2,566</u>	
<b>FUND BALANCES</b>									
Nonspendable Prepaid Items	-	-	-	-	838	838	-	838	
Restricted for Library	-	-	-	45,832	-	45,832	-	45,832	
Restricted for Law Enforcement	-	-	2,000	-	-	2,000	-	2,000	
Restricted for Donor Provisions	-	-	-	-	-	-	16,920	16,920	
Restricted for Waterfront									
Redevelopment	-	-	-	-	90,980	90,980	-	90,980	
Assigned for 49th Street									
Redevelopment	11,963	-	-	-	-	11,963	-	11,963	
Assigned for Beach Renourishment	-	-	-	-	80,000	80,000	-	80,000	
Assigned for Williams Pier	-	-	-	-	40,000	40,000	-	40,000	
Assigned for Other Waterfront									
Redevelopment	-	-	-	-	499,239	499,239	-	499,239	
<b>Total Fund Balances</b>	<u>11,963</u>	<u>-</u>	<u>2,000</u>	<u>45,832</u>	<u>711,057</u>	<u>770,852</u>	<u>16,920</u>	<u>787,772</u>	
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 12,089</u>	<u>\$ 1,768</u>	<u>\$ 2,000</u>	<u>\$ 45,832</u>	<u>\$ 711,729</u>	<u>\$ 773,418</u>	<u>\$ 16,920</u>	<u>\$ 790,338</u>	



**CITY OF GULFPORT, FLORIDA**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2021

Special Revenue Funds

	<b>49th Street Redevelopment District</b>	<b>American Rescue Plan</b>	<b>Law Enforcement Trust</b>	<b>Library Fund</b>	<b>Waterfront Redevelopment District</b>	<b>Total Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Senior Center Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 425,928	\$ 425,928	\$ -	\$ 425,928
Intergovernmental Revenues	-	1,768	-	-	-	1,768	-	1,768
Miscellaneous Revenues	-	-	-	-	886	886	8,448	9,334
<b>Total Revenues</b>	<b>-</b>	<b>1,768</b>	<b>-</b>	<b>-</b>	<b>426,814</b>	<b>428,582</b>	<b>8,448</b>	<b>437,030</b>
<b>EXPENDITURES</b>								
Current:								
General Government	-	1,768	-	-	-	1,768	-	1,768
Community Development/ Redevelopment	-	-	-	-	334,948	334,948	-	334,948
<b>Total Expenditures</b>	<b>-</b>	<b>1,768</b>	<b>-</b>	<b>-</b>	<b>334,948</b>	<b>336,716</b>	<b>-</b>	<b>336,716</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,866</b>	<b>91,866</b>	<b>8,448</b>	<b>100,314</b>
<b>Fund Balances - Beginning</b>	<b>11,963</b>	<b>-</b>	<b>2,000</b>	<b>45,832</b>	<b>619,191</b>	<b>678,986</b>	<b>8,472</b>	<b>687,458</b>
<b>Fund Balances - Ending</b>	<b>\$ 11,963</b>	<b>\$ -</b>	<b>\$ 2,000</b>	<b>\$ 45,832</b>	<b>\$ 711,057</b>	<b>\$ 770,852</b>	<b>\$ 16,920</b>	<b>\$ 787,772</b>

**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**WATERFRONT REDEVELOPMENT DISTRICT**  
For the Year Ended September 30, 2021

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 425,928	\$ 425,928	\$ -
Miscellaneous Revenues	-	886	886
<b>Total Revenues</b>	<u>425,928</u>	<u>426,814</u>	<u>886</u>
<b>EXPENDITURES</b>			
Community Development/Redevelopment			
Operating	219,562	102,368	(117,194)
Capital Outlay	262,581	232,580	(30,001)
<b>Total Expenditures</b>	<u>482,143</u>	<u>334,948</u>	<u>(147,195)</u>
<b>Excess of Revenues</b>			
<b>Over Expenditures</b>	<u>(56,215)</u>	<u>91,866</u>	<u>148,081</u>
<b>OTHER FINANCING SOURCES</b>			
<b>AND (USES)</b>			
Transfers (Out)	(198,416)	-	198,416
<b>Total Other Financing</b>			
<b>Sources</b>	<u>(198,416)</u>	<u>-</u>	<u>198,416</u>
<b>Net Change in Fund Balance</b>	(254,631)	91,866	346,497
<b>Fund Balance - Beginning</b>	<u>619,191</u>	<u>619,191</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 364,560</u>	<u>\$ 711,057</u>	<u>\$ 346,497</u>

## **Statistical Section**

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**City of Gulfport, Florida**  
**Statistical Section**  
**September 30, 2021**

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, 2021, 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Governmental activities</u></b>										
Net investment										
in capital assets	\$ 13,111	\$ 12,797	\$ 12,450	\$ 12,812	\$ 13,411	\$ 14,242	\$ 14,442	\$ 14,757	\$ 15,101	\$ 14,801
Restricted	606	752	690	847	438	380	508	659	426	3,001
Unrestricted	3,820	3,658	2,744	3,407	3,559	2,136	2,064	1,535	1,841	747
Total governmental activities net position	<u>\$ 17,537</u>	<u>\$ 17,207</u>	<u>\$ 15,884</u>	<u>\$ 17,066</u>	<u>\$ 17,408</u>	<u>\$ 16,758</u>	<u>\$ 17,014</u>	<u>\$ 16,951</u>	<u>\$ 17,368</u>	<u>\$ 18,549</u>
<b><u>Business-type activities</u></b>										
Net investment										
in capital assets	\$ 12,292	\$ 11,795	\$ 11,356	\$ 10,952	\$ 10,891	\$ 12,318	\$ 12,347	\$ 11,314	\$ 12,085	\$ 11,589
Restricted	169	169	516	409	702	714	188	267	140	1,347
Unrestricted (Deficit)	226	(32)	622	1,630	1,810	2,479	3,401	3,137	2,961	2,290
Total business-type activities net position	<u>\$ 12,687</u>	<u>\$ 11,932</u>	<u>\$ 12,494</u>	<u>\$ 12,991</u>	<u>\$ 13,403</u>	<u>\$ 15,511</u>	<u>\$ 15,936</u>	<u>\$ 14,718</u>	<u>\$ 15,186</u>	<u>\$ 15,226</u>
<b><u>Primary government</u></b>										
Net investment										
in capital assets	\$ 25,403	\$ 24,592	\$ 23,806	\$ 23,764	\$ 24,302	\$ 26,560	\$ 26,789	\$ 26,071	\$ 27,186	\$ 26,390
Restricted	775	921	1,206	1,256	1,140	1,094	696	926	566	4,348
Unrestricted	4,046	3,626	3,366	5,037	5,369	4,615	5,465	4,672	4,802	3,037
Total primary government, net position	<u>\$ 30,224</u>	<u>\$ 29,139</u>	<u>\$ 28,378</u>	<u>\$ 30,057</u>	<u>\$ 30,811</u>	<u>\$ 32,269</u>	<u>\$ 32,950</u>	<u>\$ 31,669</u>	<u>\$ 32,554</u>	<u>\$ 33,775</u>

Schedule 2  
City of Gulfport, Florida

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 1,303	\$ 1,421	\$ 1,451	\$ 1,540	\$ 1,557	\$ 1,614	\$ 1,567	\$ 1,867	\$ 1,846	\$ 1,902
Public Safety	4,877	5,042	4,984	5,315	5,455	5,483	5,745	6,031	6,230	6,795
Recreation	2,487	2,726	2,808	2,865	3,106	3,249	3,434	3,614	3,457	3,382
Community Development - Redevelopment	787	852	886	701	1,001	1,411	812	1,063	1,089	1,173
Public Works	1,552	1,501	1,659	1,630	1,494	1,039	1,836	1,767	1,995	1,923
Interest on Long Term Debt	-	-	-	-	-	6	13	18	13	5
Total governmental activities expenses	\$ 11,006	\$ 11,542	\$ 11,788	\$ 12,051	\$ 12,613	\$ 12,802	\$ 13,407	\$ 14,360	\$ 14,630	\$ 15,180
Business-type activities:										
Sanitation	\$ 1,733	\$ 1,837	\$ 1,984	\$ 1,971	\$ 2,059	\$ 2,210	\$ 2,474	\$ 2,215	\$ 2,398	\$ 2,284
Water and Sewer	4,324	4,528	4,684	5,242	5,472	5,399	5,825	8,237	6,794	7,240
Marina	1,460	1,447	1,610	1,580	1,536	1,762	1,964	2,006	2,107	2,561
Total business-type activities expenses	7,517	7,812	8,278	8,793	9,067	9,371	10,263	12,458	11,299	12,085
Total primary government expenses	\$ 18,523	\$ 19,354	\$ 20,066	\$ 20,844	\$ 21,680	\$ 22,173	\$ 23,670	\$ 26,818	\$ 25,929	\$ 27,265
<b>Program revenues</b>										
Governmental activities:										
Charges for services -										
General Government	\$ 802	\$ 850	\$ 980	\$ 1,421	\$ 1,498	\$ 1,559	\$ 1,767	\$ 1,818	\$ 1,964	\$ 2,083
Public Safety	980	1,078	1,026	1,200	1,240	957	1,179	1,226	1,427	1,715
Recreation	546	635	702	694	769	763	779	772	411	343
Public Works	240	333	329	149	178	210	387	260	248	209
Operating Grants and Contributions	219	191	255	293	526	294	382	479	539	524
Capital Grants and Contribution:	108	90	4	387	317	310	137	305	49	105
Total governmental activities program revenues	\$ 2,895	\$ 3,177	\$ 3,296	\$ 4,144	\$ 4,528	\$ 4,093	\$ 4,631	\$ 4,860	\$ 4,638	\$ 4,979
Business-type activities:										
Charges for Services										
Sanitation	\$ 2,017	\$ 2,030	\$ 2,035	\$ 2,218	\$ 2,184	\$ 2,247	\$ 2,330	\$ 2,339	\$ 2,442	\$ 2,577
Water and Sewer	4,313	4,253	4,720	5,215	5,167	5,798	6,091	6,233	6,940	7,488
Marina	1,556	1,541	1,760	1,672	1,742	1,936	2,217	2,150	2,412	2,835
Operating Grants and Contributions	-	-	-	-	36	225	9	335	9	8
Capital Grants and Contribution:	1	-	6	122	303	839	226	11	311	18
Total business-type activities program revenues	\$ 7,887	\$ 7,824	\$ 8,521	\$ 9,227	\$ 9,432	\$ 11,045	\$ 10,873	\$ 11,068	\$ 12,114	\$ 12,926
Total primary government program revenues	\$ 10,782	\$ 11,001	\$ 11,817	\$ 13,371	\$ 13,960	\$ 15,138	\$ 15,504	\$ 15,928	\$ 16,752	\$ 17,905
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (8,111)	\$ (8,364)	\$ (8,492)	\$ (7,907)	\$ (8,085)	\$ (8,709)	\$ (8,776)	\$ (9,500)	\$ (9,992)	\$ (10,201)
Business-type activities	371	11	243	434	365	1,674	610	(1,390)	815	841
Total primary government net (expense)	\$ (7,740)	\$ (8,353)	\$ (8,249)	\$ (7,473)	\$ (7,720)	\$ (7,035)	\$ (8,166)	\$ (10,890)	\$ (9,177)	\$ (9,360)

Continued next page

Schedule 2 - Continued  
City of Gulfport, Florida

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Ad Valorem	\$ 2,648	\$ 2,633	\$ 2,661	\$ 2,848	\$ 3,051	\$ 3,314	\$ 3,563	\$ 3,852	\$ 4,213	\$ 4,568
Franchise Fees	738	703	740	767	712	705	752	803	794	798
Utility Taxes	1,027	1,050	1,141	1,151	1,161	1,191	1,216	1,296	1,377	1,441
Communication Service Tax	520	503	454	438	416	402	405	415	423	423
Sales Tax - Infrastructure	970	1,022	1,010	1,258	1,242	1,281	1,343	1,417	1,353	1,524
Half-cent Sales Tax	631	658	692	730	764	772	799	821	780	912
Local Option Gas Tax	163	165	155	187	179	179	174	170	156	159
Other Taxes	62	69	78	70	64	69	67	72	41	65
State Revenue Sharing	353	360	372	391	398	416	425	437	408	461
Investment Income	20	5	36	33	27	37	53	62	33	9
Miscellaneous	105	98	148	1,370	203	128	177	216	167	119
Gain/(Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	14	1	62
Transfers	1,172	767	(319)	378	(47)	(433)	222	(138)	664	840
Total governmental activities	\$ 8,409	\$ 8,033	\$ 7,168	\$ 9,621	\$ 8,170	\$ 8,060	\$ 9,196	\$ 9,437	\$ 10,410	\$ 11,381
Business-type activities:										
Investment Income (loss)	\$ 4	\$ 1	\$ (1)	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on Sale of Capital Assets	-	-	-	-	-	-	65	34	-	40
Special Item	-	-	-	-	-	-	-	-	316	-
Transfers	(1,172)	(767)	319	(378)	47	433	(222)	138	(664)	(840)
Total business-type activities	(1,168)	(766)	318	(377)	47	433	(157)	172	(348)	(800)
Total primary government	\$ 7,241	\$ 7,267	\$ 7,486	\$ 9,244	\$ 8,217	\$ 8,493	\$ 9,039	\$ 9,609	\$ 10,062	\$ 10,581
<b>Change in Net Position</b>										
Governmental activities	\$ 298	\$ (330)	\$ (1,323)	\$ 1,714	\$ 85	\$ (649)	\$ 420	\$ (63)	\$ 418	\$ 1,180
Business-type activities	\$ (798)	\$ (754)	\$ 561	\$ 57	\$ 412	\$ 2,107	\$ 453	\$ (1,218)	\$ 467	\$ 41
Total primary government	\$ (500)	\$ (1,084)	\$ (762)	\$ 1,771	\$ 497	\$ 1,458	\$ 873	\$ (1,281)	\$ 885	\$ 1,221



**Schedule 3  
City of Gulfport, Florida**

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>General Fund</u></b>										
Nonspendable	\$ 33	\$ 40	\$ 178	\$ 60	\$ 51	\$ 48	\$ 72	\$ 58	\$ 80	\$ 45
Restricted	130	35	12	16	20	27	43	16	8	16
Committed	53	-	-	-	-	-	-	-	-	-
Assigned	-	26	-	60	17	9	58	78	218	506
Unassigned	4,347	4,216	3,248	4,330	4,184	3,415	3,626	3,310	3,016	4,033
<b>Total General Fund</b>	<b>\$ 4,563</b>	<b>\$ 4,317</b>	<b>\$ 3,438</b>	<b>\$ 4,466</b>	<b>\$ 4,272</b>	<b>\$ 3,499</b>	<b>\$ 3,799</b>	<b>\$ 3,462</b>	<b>\$ 3,322</b>	<b>\$ 4,600</b>
<b><u>All other governmental funds</u></b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 2	\$ 1	\$ 1
Restricted	458	718	678	831	419	354	465	580	193	479
Assigned	25	47	48	174	602	475	421	359	630	631
Unassigned (Deficit)	-	-	(41)	(39)	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 483</b>	<b>\$ 765</b>	<b>\$ 685</b>	<b>\$ 966</b>	<b>\$ 1,021</b>	<b>\$ 829</b>	<b>\$ 887</b>	<b>\$ 941</b>	<b>\$ 824</b>	<b>\$ 1,111</b>

**Schedule 4**  
**City of Gulfport, Florida**

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$ 6,065	\$ 6,077	\$ 6,217	\$ 6,699	\$ 6,805	\$ 7,118	\$ 7,501	\$ 8,003	\$ 8,335	\$ 8,955
Permits and fees	180	291	255	334	401	385	585	592	638	771
Intergovernmental revenues	1,649	1,697	1,728	2,211	2,414	2,209	2,086	2,438	2,291	3,003
Charges for services	1,528	1,720	1,871	2,119	2,264	2,377	2,742	2,714	2,559	2,569
Fines and forfeitures	362	410	343	426	401	116	110	84	53	54
Investment Income	20	5	36	33	27	37	52	62	33	9
Miscellaneous revenues	265	263	333	1,566	434	344	469	476	325	311
<b>Total revenues</b>	<b>\$ 10,069</b>	<b>\$ 10,463</b>	<b>\$ 10,783</b>	<b>\$ 13,388</b>	<b>\$ 12,746</b>	<b>\$ 12,586</b>	<b>\$ 13,545</b>	<b>\$ 14,369</b>	<b>\$ 14,234</b>	<b>\$ 15,672</b>
<b>Expenditures</b>										
General government	\$ 1,255	\$ 1,353	\$ 1,387	\$ 1,421	\$ 1,432	\$ 1,520	\$ 1,489	\$ 1,610	\$ 1,773	\$ 1,749
Public safety	4,736	4,863	4,768	5,026	4,950	5,055	5,243	5,493	5,863	6,106
Recreation	2,226	2,473	2,564	2,860	2,698	3,015	2,979	3,259	3,283	3,252
Community development/ Redevelopment	571	635	699	774	1,709	1,406	1,123	1,062	1,299	1,156
Public works	1,329	1,343	1,397	1,185	1,180	1,225	1,586	1,562	1,538	1,606
Capital outlay	1,160	527	609	1,189	1,125	1,179	1,123	1,555	1,139	920
Debt service:										
Principal	-	-	-	-	-	43	115	196	247	153
Interest	-	-	-	-	-	6	13	18	13	5
<b>Total expenditures</b>	<b>\$ 11,277</b>	<b>\$ 11,194</b>	<b>\$ 11,424</b>	<b>\$ 12,455</b>	<b>\$ 13,094</b>	<b>\$ 13,451</b>	<b>\$ 13,671</b>	<b>\$ 14,755</b>	<b>\$ 15,155</b>	<b>\$ 14,947</b>
Excess of revenues over (under) expenditures	\$ (1,208)	\$ (731)	\$ (641)	\$ 933	\$ (348)	\$ (865)	\$ (126)	\$ (386)	\$ (921)	\$ 725
<b>Other financing sources (uses)</b>										
Transfers in	\$ 1,432	\$ 1,157	\$ 1,702	\$ 734	\$ 1,267	\$ 686	\$ 631	\$ 635	\$ 1,030	\$ 1,213
Transfers out	(260)	(390)	(2,021)	(357)	(1,315)	(1,119)	(409)	(773)	(366)	(373)
Issuance of capital leases	-	-	-	-	-	332	263	241	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 1,172</b>	<b>\$ 767</b>	<b>\$ (319)</b>	<b>\$ 377</b>	<b>\$ (48)</b>	<b>\$ (101)</b>	<b>\$ 485</b>	<b>\$ 103</b>	<b>\$ 664</b>	<b>\$ 840</b>
<b>Net change in fund balances</b>	<b>\$ (36)</b>	<b>\$ 36</b>	<b>\$ (960)</b>	<b>\$ 1,310</b>	<b>\$ (396)</b>	<b>\$ (966)</b>	<b>\$ 359</b>	<b>\$ (283)</b>	<b>\$ (257)</b>	<b>\$ 1,565</b>
Debt service as a percentage of non-capital expenditures	N/A	N/A	N/A	N/A	N/A	0.4%	1.1%	1.7%	2.0%	1.2%

**Schedule 5  
City of Gulfport, Florida**

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

<b>Fiscal Year Ended Sept. 30</b>	<b>Real Property</b>			<b>Less: Tax Exemptions</b>	
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Governmental/ Institutional</b>	<b>\$25,000 Homestead</b>
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
2020	1,598,555,263	164,355,758	21,154,924	103,325,187	182,642,216
2021	1,737,662,739	177,910,708	20,511,221	111,415,087	186,311,931

*Continued*

Source: Pinellas County Property Appraiser, 2021 interim tax roll (Form DR403V) and 2021prelim tax roll (Land Use Recaps)

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

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

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<b>Less: Tax Exemptions</b>		<b>Total Taxable Assessed Value</b>	<b>Millage Rate •</b>
<b>Homestead Assessment Differential</b>	<b>Widows/ Disability/ Blind</b>		
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
377,854,602	11,881,243	1,108,362,697	4.039
431,602,238	14,061,432	1,192,693,980	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
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
2020	4.0390	5.3590	6.4270	0.7500	0.9158	1.1800	18.6708
2021	4.0390	5.2092	6.3250	0.7500	0.9158	1.1666	18.4056

**Sources:** Pinellas County Tax Collector, Pinellas County Property Appraiser

**Note:** • The rate used in the calculation for property taxes. One mill equals \$1 per \$1,000 of taxable value. The tax rate on real property based on \$1 per \$1,000 of assessed property value.

★ "Other" includes Pinellas County Planning Council, Juvenile Welfare Board, South West Florida Water Management District and Pinellas Anclote River Basin.

Overlapping rates are those of local and county governments that apply to property owners within the City of Gulfport. The total millage column applies to all property owners within the City.

**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 <sup>1</sup>	Total Tax Collected	Percentage of Levy Collected to Date
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%
2020	4,128,220	3,987,368	96.6%	2,297	3,989,665	96.6%
2021	4,476,677	4,322,415	96.6%	2,713	4,325,128	96.6%

**Sources:** Pinellas County Tax Collector's reports, Pinellas County final tax roll.

<sup>1</sup> 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	2021			2012		
	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	\$ 18,525,000	1	1.67%	\$ 7,381,000	1	1.03%
Culby Properties South LLC	4,254,341	2	0.38%	-		
Hawkeye Equity LLC	4,167,369	3	0.38%	-		
49th Street LLC	3,970,000	4	0.36%	1,947,000	6	0.27%
J L P Management Assoc Inc	2,946,569	5	0.27%	1,738,583	9	0.24%
5701 Gulfport Property LLC	2,859,248	6	0.26%	-		
Hornsleth, Poul & April Caldwell	2,792,457	7	0.25%	-		
Woiteshek, Dwight	2,778,987	8	0.25%	-		
Paonessa, Jeffrey	2,612,679	9	0.24%	3,170,927	2	0.44%
McConlogue, Robert Sean Tre	2,538,978	10	0.23%	-		
CFC Pasadena Golf LLC	-			3,043,507	3	0.42%
Tugbaev, Igor	-			2,571,206	4	0.36%
Lavin Gulfport Properties LLC	-			2,355,218	5	0.33%
Hernandez, Roberto M	-			1,817,820	7	0.25%
Heithaus, Henry Joseph	-			1,755,730	8	0.24%
Levine, Alan M	-			1,731,717	10	0.24%
All Others	-		95.72%	-		96.17%
<b>Total</b>	<b>\$ 47,445,628</b>		<b>100.00%</b>	<b>\$ 27,512,708</b>		<b>100.00%</b>

Source: Pinellas County Property Appraiser tax rolls.

**Schedule 9  
City of Gulfport, Florida**

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

<b>Type of Customer</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Residential	2,910,549	3,040,983	2,896,639	2,852,787	2,758,757	2,828,295	2,646,964	2,643,615	2,728,581	2,600,561
Commercial	277,520	403,363	288,723	283,859	271,658	291,889	258,286	272,263	292,060	297,300
Government	104,043	113,000	111,633	110,428	113,235	112,531	108,342	107,453	86,816	81,856
<b>Total</b>	<b>3,292,112</b>	<b>3,557,346</b>	<b>3,296,995</b>	<b>3,247,074</b>	<b>3,143,650</b>	<b>3,232,715</b>	<b>3,013,592</b>	<b>3,023,331</b>	<b>3,107,457</b>	<b>2,979,717</b>
Total direct rate per 1,000 gallons:	\$5.52	\$5.52	\$6.18	*\$6.92	\$6.92	\$7.14	\$7.84	\$7.84	\$8.47	\$9.15

**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**

<b>Fiscal Year</b>	<b>Water</b>		<b>Sewer</b>	
	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>
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
2020	16.93	8.47	23.03	11.52
2021	18.28	9.15	24.87	12.43

**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**

<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>		<b>Total Primary Government</b>	<b>Gulfport Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>Capital Leases</b>	<b>Capital Leases</b>	<b>State Revolving Loan</b>				
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
2020	235,023	530,911	4,610,978	5,376,912	465,068,760	1.2%	424
2021	82,268	384,085	5,232,143	5,698,496	514,478,003	1.1%	460

**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, 2021**

<b>Governmental Unit</b>	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>a</sup></b>	<b>City's Share of Debt</b>
<b>DIRECT DEBT</b>			
City of Gulfport	\$ 82,268	100.0%	\$ 82,268
Subtotal Direct Debt	<u>\$ 82,268</u>		<u>\$ 82,268</u>
<b>OVERLAPPING DEBT</b>			
Pinellas County School District State Bonds <sup>b</sup>	\$ 6,000	1.28%	\$ 77
Pinellas County School District Capital Leases	2,974,406	1.28%	38,071
Pinellas County Capital Leases	433,171	1.28%	5,544
Pinellas County Notes Outstanding	12,005,521	1.28%	153,664
Subtotal Overlapping Debt	<u>\$ 15,419,098</u>		<u>\$ 197,356</u>
Total Direct and Overlapping Debt	<u><u>\$ 15,501,366</u></u>		<u><u>\$ 279,624</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.

<sup>a</sup> 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.

<sup>b</sup> 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**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b> <sup>a</sup>	<b>Per Capita Personal Income</b>	<b>Median Age</b> <sup>a</sup>	<b>Unemployment Rate</b> <sup>b</sup>	<b>School Enrollment</b> <sup>c</sup>
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
2020	12,686	465,068,760	36,660	54.9	6.8%	2,277
2021	12,389	514,478,003	41,527	55.2	4.0%	2,110

**Sources:**

a - Pinellas County Economic Development

b - Florida Department of Economic Opportunity

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	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pinellas County School District	13,000	1	28.32%	15,895	1	38.85%
Publix	6,000	2	13.07%	-	-	-
Bay Pines VA Healthcare System	4,500	3	9.80%	4,405	2	10.77%
Raymond James	3,800	4	8.28%	2,600	6	6.35%
Pinellas County Board of County Commissioners	3,600	5	7.84%	-	-	-
City of St Petersburg	3,500	6	7.63%	3,157	3	7.72%
John Hopkins All Children's Hospital	3,000	7	6.54%	2,900	4	7.09%
Walmart	3,000	8	6.54%	-	-	-
BayCare Morton Plant Hospital	2,900	9	6.32%	2,550	8	6.23%
Pinellas County Sheriff's Office	2,600	10	5.66%	-	-	-
St Petersburg College	-	-	-	2,705	5	6.61%
Pinellas County Sheriff's Office	-	-	-	2,580	7	6.31%
Mease Hospital	-	-	-	2,100	9	5.13%
Bayfront Medical Center	-	-	-	2,025	10	4.95%
Total Employees above	<u>45,900</u>			<u>40,917</u>		
Total Employment Pinellas County	<u>487,248</u>			<u>400,055</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**

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>General Government</b>										
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Administrative Services	6.00	6.00	6.50	6.00	10.00	10.00	10.00	10.00	10.00	10.00
Information Technology	1.00	1.00	-	-	-	-	-	-	-	-
Human Resources	1.00	1.00	1.00	1.50	-	-	-	-	-	-
<b>Public Safety</b>										
Police	36.00	36.00	37.50	37.00	37.50	37.50	37.50	38.50	38.50	40.00
Fire	16.50	14.50	13.50	13.50	14.50	13.50	13.50	14.50	18.50	18.50
<b>Recreation</b>										
Parks	6.00	6.00	6.00	-	-	-	-	-	-	-
Library	8.75	9.75	9.75	9.75	8.50	8.75	9.75	9.25	9.25	9.75
Recreation	10.50	10.50	11.00	11.00	10.25	11.25	12.25	12.25	12.25	12.25
Senior Center	2.80	2.80	3.00	3.00	3.00	3.25	3.25	3.25	3.25	3.25
Gems	3.70	3.70	4.00	4.00	3.50	3.50	3.00	3.00	3.00	3.50
<b>Cultural Facilities</b>										
Casino	3.25	3.25	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.25
Theater	3.25	3.25	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.25
Tech Events	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Community Development</b>										
Planning	1.25	1.25	2.00	2.00	2.00	2.00	3.00	2.67	2.67	2.67
Building	1.00	1.00	3.00	3.00	3.00	3.00	3.00	3.67	3.67	4.67
Code Enforcement	1.75	1.75	1.25	1.25	1.25	1.25	1.25	1.66	2.66	2.66
49th Street Corridor	0.75	0.75	0.75	0.75	0.75	0.75	0.75	-	-	-
Waterfront Redevelopment	0.75	0.75	-	-	-	-	-	-	-	-
<b>Public Works</b>										
Director	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	*1.50	1.50
Parks	-	-	-	6.00	6.00	7.00	7.00	8.50	*9.00	9.00
Streets	2.50	2.50	3.50	3.50	1.50	0.50	3.50	3.50	3.50	3.50
Garage	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	3.00	3.00
Building	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Utilities</b>										
Water	3.30	3.30	3.30	3.30	3.80	3.54	3.54	3.21	*3.28	3.28
Sewer	3.30	3.30	3.30	3.30	3.80	3.54	3.54	3.21	*3.28	3.28
Stormwater	1.00	1.00	1.00	1.00	1.00	1.67	3.67	4.34	4.34	4.34
Sanitation	14.90	13.90	13.90	13.90	15.90	17.00	16.00	16.00	*16.10	16.10
Marina	3.50	3.50	3.50	3.50	3.50	4.50	6.00	6.00	6.00	7.00
<b>Total</b>	<b>142.75</b>	<b>140.75</b>	<b>144.25</b>	<b>143.75</b>	<b>146.25</b>	<b>149.75</b>	<b>157.75</b>	<b>161.25</b>	<b>167.75</b>	<b>171.75</b>

**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.

\*Corrected to properly reflect the Full Time Equivalent per date range

**Schedule 16**  
**City of Gulfport, Florida**

**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Police</b>										
Reported crime (UCR Part One)	619	596	711	661	444	633	455	528	384	367
Felony arrests ♦	-	-	220	168	148	173	176	152	117	112
Reported traffic crashes	124	132	105	95	104	118	114	133	98	107
Traffic violations issued ♦	-	-	1,477	1,520	1,053	1,137	1,445	1,518	672	776
Calls for service	23,254	25,263	27,591	29,144	21,649	29,139	27,538	29,821	29,513	24,794
<b>Fire</b>										
Fires extinguished	32	45	64	43	23	18	32	38	40	41
Emergency responses	2,598	2,591	2,761	3,040	3,668	2,576	2,698	3,106	2,876	4,295
Fire inspections	467	451	458	702	813	707	556	788	486	767
<b>Sanitation</b>										
Refuse collected (tons/annu.)	8,760	8,447	8,746	9,042	9,839	9,917	9,966	10,473	10,125	10,099
Recyclables collected (tons/annu.)	1,205	1,133	1,174	1,147	987	796	756	692	731	653
<b>Utilities</b>										
Average daily consumption (thousands of gallons)	981	957	951	948	964	*968	*921	*899	900	886
Average daily sewage treatment (thousands of gallons)	1,062	1,147	1,050	1,323	1,299	*977	1,028	1,131	836	795
<b>Recreation</b>										
Participants in after- school program	50	46	50	58	61	52	78	67	11	33
Participants in summer camp program	93	129	133	152	136	149	125	123	27	72
<b>Library</b>										
Circulation of materials	92,016	99,248	103,701	85,513	110,371	120,047	119,261	114,482	123,397	144,771
Reference questions	7,081	7,000	10,228	5,132	8,908	7,835	6,300	9,053	1,311	2,756
Sponsored programs	192	277	238	259	354	374	435	609	319	141
<b>Senior Center</b>										
Average daily attendance	250	115	175	233	240	525	599	614	270	150
Meals served daily	50	35	50	71	82	88	59	59	184	115
Reassurance calls made daily	25	13	11	11	10	10	10	12	199	18
<b>GEMS</b>										
Number of rides	11,109	8,132	8,760	6,811	8,300	8,502	9,624	9,659	4,683	6,425
Number of subscriptions	180	165	109	115	128	113	122	128	104	122
Number of handicapped members	95	85	87	92	102	76	73	58	60	55
<b>Marina</b>										
Number of wet/dry slips rented	180	265	289	290	290	290	290	281	320	326
Number of vessels fueled	5,272	4,429	5,184	5,014	5,528	5,167	5,704	6,790	7,683	7,606
Number of gallons dispensed	181,680	172,266	211,697	196,046	208,394	224,490	272,977	296,018	389,387	380,559
Number of transient rentals	-	-	197	209	303	353	304	566	424	419
Number of kayaks stored	-	-	28	32	32	24	22	29	32	32
<b>Cultural Facilities</b>										
Number of dances/rentals	319	317	314	329	335	328	331	340	145	77
Number of theater rentals	63	73	67	66	66	69	82	82	41	16

**Sources:** Various City departments

♦ Different operating indicators selected for tracking after 2007.

\* Corrected to properly reflect the daily average consumption due to a meter reading error by the City's wholesale provider.

**Schedule 17**  
**City of Gulfport, Florida**

**CAPITAL ASSET STATISTICS BY FUNCTION PROGRAM**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Schools</b>										
Elementary	1	1	1	1	1	1	1	1	1	1
Junior/Senior High	2	2	2	2	2	2	2	2	2	2
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	22	23	23	23	23	23	23
<b>Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
Rescue Units	-	-	-	-	-	-	-	-	1	1
<b>Other Public Works</b>										
Streets - Paved	67.63	67.63	67.63	67.63	67.63	67.63	*49.25	49.25	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	1,380
<b>Sanitation</b>										
Collection trucks	6	7	7	8	11	11	11	12	12	12
<b>Utilities</b>										
Water mains (miles)	68	68	68	68	68	68	68	68	68	68
Fire hydrants	284	284	284	284	284	285	286	286	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	4	4	4	4	4
<b>Recreation</b>										
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	5	6	6	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	4	5	5	4	4	4	4	6	6	6
Basketball courts	1	1	1	1	1	1	1	1	1	1
Bocce courts	1	1	1	1	1	1	1	1	1	1
Recreation buses	1	1	1	1	1	1	1	1	1	1
<b>Library</b>										
Catalogued items	95,393	77,113	89,339	75,546	80,948	76,868	100,071	127,834	147,969	153,762
<b>GEMS</b>										
Vehicles	4	4	4	4	4	4	4	4	4	4
<b>Marina</b>										
Number of slips	247	247	247	247	247	247	247	247	252	252
Dry storage slips	80	80	80	80	80	80	79	79	78	78

**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.



## **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 City of Gulfport, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2022.

**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) as a basis for designing 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.

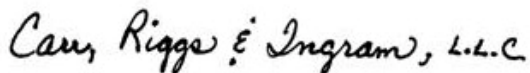
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. 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 script.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
March 30, 2022

**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

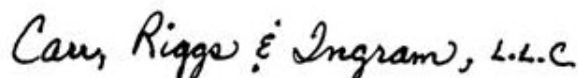
We have examined City of Gulfport, Florida's, (the City), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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. 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 our examination provides 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, 2021.

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, Florida  
March 30, 2022

## **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, 2021, and have issued our report thereon dated March 30, 2022.

### **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* 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 March 30, 2022 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.

## **Financial Condition and Management**

Section 10.554(1)(i)5.a and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one of more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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)2., 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, Florida  
March 30, 2022

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