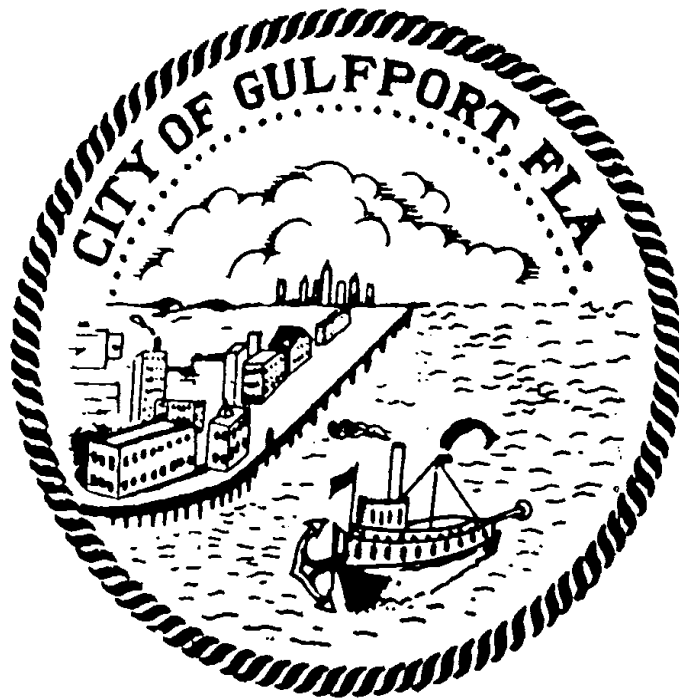


*City of Gulfport
Florida*



*2022
Annual Comprehensive
Financial Report*

Fiscal Year Ended September 30, 2022

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Annual Comprehensive Financial Report
of the
City of Gulfport, Florida
for the
Fiscal Year Ended September 30, 2022

Samuel Henderson, Mayor
Christine Brown, Council Member
April Thanos, Council Member
Paul Ray, Vice Mayor
Ian O'Hara, Council Member



City Manager
James E. O'Reilly

City Clerk
Theresa Carrico

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, 2022

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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
IAN O'HARA, Councilmember, Ward 4

May 31, 2023

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, 2022. 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, 2022 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 11,769 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 primary challenges facing the city in this post pandemic period is the effect of inflation and a very tight job market for the on boarding of employees to continue to provide city services. The continued volatility of economic indicators creates an unpredictable horizon for the area’s economy. 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. Based on previous conservative revenue estimates applied in FY 2021, the city saw a strong increase in revenues derived from revenues specifically related to the Half Cent Sales Tax, State Revenue Sharing and other closely related revenues.

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 1.3 billion in FY 2022. Ad valorem collections mirrored taxable values. The following table illustrates the taxable real estate values and ad valorem property tax revenues over the past fifteen fiscal years.

<u>Fiscal Year</u>	<u>Taxable Assessed Value</u>	<u>Millage Rate</u>	<u>Ad Valorem Revenues</u>
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	\$ 4,325,128
2022	\$ 1,373,882,315	4.039	\$ 4,649,890

The economic base of the City is primarily residential with limited commercial areas accounting for approximately 8.1% 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 2022 shows an increase of 2.3% from permits issued in fiscal year 2021.

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. Transient slip rental revenue has increased from \$64,348 in FY21 to \$77,008 in FY22. Fuel and oil sales have increased of 35.6% in comparison to FY21.

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 \$1,786,017 a 17.2% 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 2022-year end, the fund balance was \$9,401,387 while unassigned fund balance was \$6,350,392. The available unassigned fund balance was sufficient to cover this minimum requirement for FY 2022.

The substantial increase in fund balance is due to the City receiving \$6,181,536 as part of the American Rescue Plan Act (ARPA). The City took advantage of an option to make a one-time decision to elect a "Standard Allowance" in which the Treasury presumed that the entire award allocation, in revenue has been lost due to the public health emergency and was permitted to use to fund "government services." Therefore, this elected strategy relieved the restriction on these funds, and effectively combined the funding into the unassigned fund balance within the General Fund.

Relevant financial policies – Continued

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 2022, a total of \$700,923 in PILOT transfers were approved in the budget and transferred from the Enterprise Funds. Due to the nature of operations the Sanitation Fund has disproportionately absorbed rising fuel costs throughout the FY22 fiscal year. The cost of fuel and vehicle repairs in the Sanitation Fund increased by \$212,345 from the prior year. As a result, the payment in lieu of taxes annually transferred to the General Fund was suspended, and therefore remained in the Sanitation fund offset the negative economic impacts.

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

	<u>Sanitation</u>	<u>Water & Sewer</u>	<u>Marina</u>
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
FY22	-	459,611	241,312

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 Government Accounting Standards Board (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).

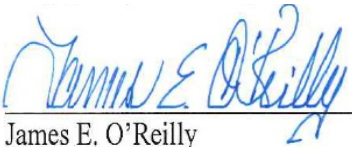
Awards and Acknowledgements

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, 2021. This was the thirty ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both GAAP and applicable legal requirements.

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

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

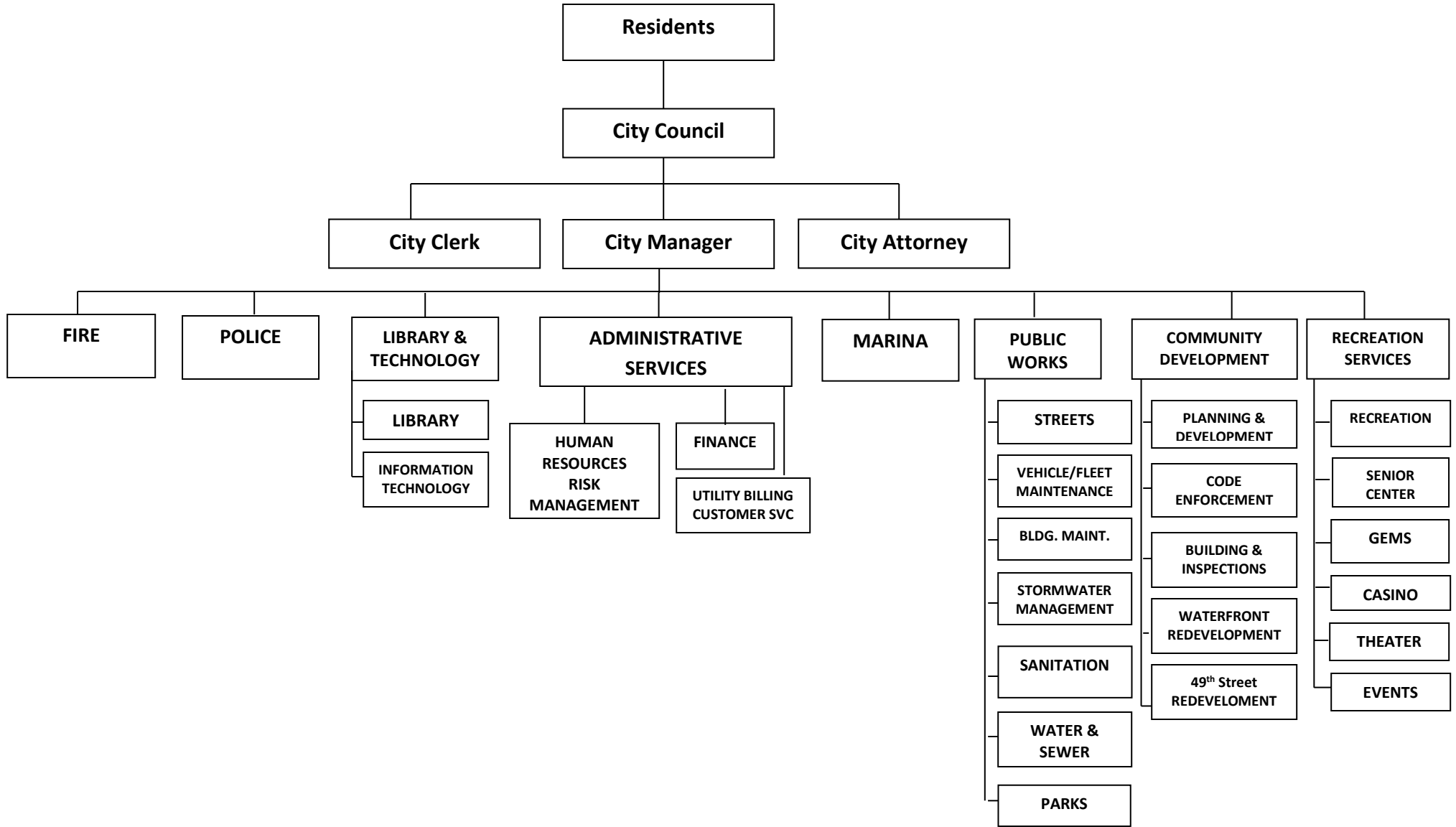
September 30, 2021

Christopher P. Morill

Executive Director/CEO

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Fiscal Year 2022 - 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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 14 to the financial statements, in the current year the City of Gulfport, Florida adopted new accounting guidance, GASB No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying budgetary comparison schedules, combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules, combining and individual nonmajor fund financial statements, schedules and schedule of expenditure of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023, 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
May 31, 2023

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 2022.
- *Liquidity* reflects the City's ability to pay current liabilities with current assets. The City maintained sufficiently prudent liquidity levels throughout FY 2022 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 2022 and at year end.
- *Debt levels and debt payments* reflect the impacts of the City's borrowing decisions. Throughout FY 2022 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 – The City is a major consumer of certain commodities such as chemicals and supplies, fuel, and parts. Inflation is above average; therefore, 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 2022 by \$38,320,565 (net position). Of this amount, \$11,129,107 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental fund revenues increased by \$7,535,994 or 48.1% when compared to fiscal year 2021, see further discussion related to ARPA in the paragraphs below. Governmental fund expenditures increased by \$1,898,686 or 12.7% during this same period.
- Operating revenues of the City's enterprise funds increased by \$1,055,268. Operating expenses increased by \$1,512,279 when compared to last year.
- Notes from Direct Borrowings increased by \$2,333,970 or 44.6% when compared to fiscal year 2021.
- The City recognized revenue in the amount of \$103,890 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.
- The City recognized revenue in the amount of \$38,076 from the Early Learning Coalition of Pinellas County for and outdoor classroom at the Recreation Center.

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

Financial Highlights – *Continued*

- The City recognized revenue from the State of Florida, Division of Emergency Management passed through the U.S. Department of the Treasury for the City's portion of the Coronavirus Local Fiscal Recovery Funds in the amount of \$6,181,536. See further discussion related to ARPA in the paragraphs below.
- The City designed, developed and executed the Rebound Program in December 2021. The program provided city funded vouchers for Gulfport residents to be used at participating local businesses that had been negatively impacted by COVID-19. The mission was to ensure the revitalization and resiliency of local small businesses through a program that generated long standing relations between City of Gulfport small businesses and the community's residents. The program resulted in 9,376 vouchers redeemed with a value of \$234,400.
- From FY21 to FY22, Water and Sewer rates increased 8%, Stormwater rates increased by (\$1.00) one dollar per month and Sanitation rates increased 6%.
- Effective October 1, 2021 the City amended Ordinance 2021-10 to eliminate the existing convenience fee for the use of a debit/credit card transactions made online or in person.
- 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 5.3% in FY21 to 5.2% in FY22. The Municipal Police Officers' Trust Fund decreased from 12.1% to 10.7%, and the Firefighters' Retirement Pension Fund increased from 8.1% to 11.8%.
- Staffing levels reflected a City-wide increase of 1 full time equivalent position. The position was added in the Community Development department.
- For the year ended September 30, 2022 the City implemented the required GASB Statement No. 87, *Leases*, which resulted in a lease receivable of \$388,729 and deferred inflows for leases of \$388,729.
- The City's aggregate net pension liability as of September 30, 2022 is \$7,930,200 compared to an aggregate net pension asset of \$3,280,682 in the prior year. Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time, i.e. "smoothed."
- Ordinance No. 2022-02 was adopted on May 3, 2022 and provided for a cost-of-living-adjustment increase in the General Employees' Pension plan's monthly benefit being received by Retirees, joint pensioners or beneficiaries who were receiving a benefit on October 1, 2020 to be increased by three percent (3%).
- Collective bargaining agreements with public safety, both Police and Fire, were renewed under a three (3) year contract (effective October 1, 2021 – September 30, 2024).

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.

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

Government-wide Financial Statements

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

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

The governmental activities reflect the City's basic services including general government, police, fire, protective inspections, public services, library, and recreation. Property taxes, utility service taxes, gas taxes and sales taxes, along with the City's utilities contribution, finance the majority of these services. The business-type activities reflect private sector-type operations (sanitation, water, 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.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceed liabilities and deferred inflows by \$38,320,565 (net position).

A large portion of the City's net position (66.5%) 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 (4.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$11,129,107 may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

**STATEMENT OF NET POSITION
As of September 30**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	12,827,722	8,947,414	5,869,757	5,532,265	18,697,479	14,479,679
Capital Assets (Net)	14,305,550	14,939,559	19,259,316	17,307,317	33,564,866	32,246,876
Total Assets	<u>27,133,272</u>	<u>23,886,973</u>	<u>25,129,073</u>	<u>22,839,582</u>	<u>52,262,345</u>	<u>46,726,555</u>
Deferred Outflows of Resources	5,844,308	1,058,528	1,192,283	335,081	7,036,591	1,393,609
Current and other liabilities	920,062	712,302	1,262,567	1,296,491	2,182,629	2,008,793
Long-term Liabilities	9,085,568	2,245,194	8,751,149	5,939,546	17,836,717	8,184,740
Total Liabilities	<u>10,005,630</u>	<u>2,957,496</u>	<u>10,013,716</u>	<u>7,236,037</u>	<u>20,019,346</u>	<u>10,193,533</u>
Deferred Inflows of Resources	881,682	3,439,473	77,343	712,224	959,025	4,151,697
Net Position:						
Net Investment in Capital Assets	14,132,507	14,801,407	11,348,400	11,589,255	25,480,907	26,390,662
Restricted	1,488,490	3,000,845	222,061	1,347,502	1,710,551	4,348,347
Unrestricted	6,469,271	746,280	4,659,836	2,289,645	11,129,107	3,035,925
Total Net Position	<u>22,090,268</u>	<u>18,548,532</u>	<u>16,230,297</u>	<u>15,226,402</u>	<u>38,320,565</u>	<u>33,774,934</u>

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS – *Continued*

Statement of Net Position – *continued*

Total capital assets increased by \$1,317,990 mainly as a result of current year acquisition of assets being greater than current year depreciation expense. This increase is largely a result of significant progress on the Sanitary Sewer Bypass project. Infrastructure improvements are described in further detail in the capital assets discussion.

Total long-term liabilities increased by \$9,651,977. Governmental Activities reported a net increase of \$6,840,374 while Business-Type Activities reported a net increase of \$2,811,603. The most notable differences are a net increase of \$7,636,473 in the Net Pension Liability within Governmental Activities due to differences between actual and expected experience, as well as changes in actuarial assumptions. The most notable component of the increase in the Business-Type Activities is 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, 2022, the City is able to report positive balances in total net position for the City as a whole. The same situation held true for the previous fiscal year.

The City's overall financial position has improved from the prior year with an increase of \$4,545,631 in net position compared to the previous year. Of this an increase of \$1,003,895 relates to the business-type activities and an increase of \$3,541,736 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:

	STATEMENT OF ACTIVITIES					
	For the Year Ended September 30					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for Services	\$ 5,054,713	\$ 4,350,188	\$ 13,954,948	\$ 12,899,680	\$ 19,009,661	\$ 17,249,868
Operating Grants and Contributions	6,585,711	523,734	8,916	8,284	6,594,627	532,018
Capital Grants and Contributions	89,241	105,166	17,201	17,573	106,442	122,739
General Revenues:						
Property Taxes	4,909,537	4,568,379	-	-	4,909,537	4,568,379
Utility Taxes and Franchise	2,817,982	2,661,554	-	-	2,817,982	2,661,554
Sales, Use, and Other Taxes	3,593,116	3,121,712	-	-	3,593,116	3,121,712
Investment Income	36,189	8,941	7,751	36	43,940	8,977
Other	93,078	180,592	-	40,184	93,078	220,776
Total Revenues	<u>23,179,567</u>	<u>15,520,266</u>	<u>13,988,816</u>	<u>12,965,757</u>	<u>37,168,383</u>	<u>28,486,023</u>
EXPENSES						
General Government	2,354,505	1,901,540	-	-	2,354,505	1,901,540
Public Safety	7,863,445	6,794,961	-	-	7,863,445	6,794,961
Recreation	4,488,672	3,382,176	-	-	4,488,672	3,382,176
Community Development / Redevelopment	1,552,429	1,172,776	-	-	1,552,429	1,172,776
Public Works	2,805,655	1,923,162	-	-	2,805,655	1,923,162
Interest on Long Term Debt	2,875	5,163	-	-	2,875	5,163
Sanitation	-	-	2,952,942	2,283,969	2,952,942	2,283,969
Water and Sewer	-	-	7,556,584	7,240,218	7,556,584	7,240,218
Marina	-	-	3,045,645	2,561,077	3,045,645	2,561,077
Total Expenses	<u>19,067,581</u>	<u>15,179,778</u>	<u>13,555,171</u>	<u>12,085,264</u>	<u>32,622,752</u>	<u>27,265,042</u>
Excess (Deficiency)						
Before Transfers and Special Item	4,111,986	340,488	433,645	880,493	4,545,631	1,220,981
Special Item	-	-	-	-	-	-
Transfers	(570,250)	839,840	570,250	(839,840)	-	-
Change in Net Position	<u>3,541,736</u>	<u>1,180,328</u>	<u>1,003,895</u>	<u>40,653</u>	<u>4,545,631</u>	<u>1,220,981</u>
Net Position - Beginning	<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>
Net Position - Ending	<u>\$ 22,090,268</u>	<u>\$ 18,548,532</u>	<u>\$ 16,230,297</u>	<u>\$ 15,226,402</u>	<u>\$ 38,320,565</u>	<u>\$ 33,774,934</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 \$6,750,577 and general revenues increased by \$908,724 for a total increase of \$7,659,301 from the prior year.

The largest contributing factor of the overall increase is governmental activities operating grants and contributions of \$6,061,977. The most substantial element is revenue received from the City's portion of the Coronavirus Local Fiscal Recovery Funds. Charges for services increased \$704,525 of which \$59,153 is related to reporting lease rental income under new guidance required by GASB87. Capital grants and contributions resulted a decrease of \$(15,925) compared to FY 2021.

The most significant components of the increase in general revenues are related 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 \$1,003,895. Revenues generated from charges for services increased by \$1,055,268 over the previous fiscal year and operating expenses increased by \$1,469,907. 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, 2022, the governmental funds reported a combined fund balance of \$11.5 million, which is a 101% increase when compared to the previous year combined fund balance of \$5.7 million. As of fiscal year-end, the revenues exceeded the expenditures by \$6,362,657, 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 \$4,800,988 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 and had a total fund balance of \$9,401,387 at year end 2022. In accordance with GAAP, the City's fund balances are allocated as follows: non-spendable for prepaid items and inventories of \$298,096, restricted for various purposes \$1,459,351, assigned for various purposes \$3,395,502, and unassigned, available for unforeseen emergencies and is considered necessary for the City of \$6,350,392.

The General Fund unassigned fund balance increased by \$2,316,979 or 57% from \$4,033,413 to \$6,350,392. The substantial variance is due to the City's approach to alleviating restrictions on ARPA funds. The elected strategy relieved the restriction on these funds, and effectively combined the funds into the General Fund unassigned fund balance. The component of unassigned fund balance that was received by ARPA and not spent or encumbered is \$1,304,897. Further discussion on the General Fund can be found below.

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

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

Governmental Funds - *Continued*

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 40.9% of the total general fund expenditures, while total fund balance represents 60.6% 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.

The most notable increases to revenue in the General Fund include:

- The City recognized Coronavirus Local Fiscal Recovery Funds revenue from the U.S. Department of the Treasury in the amount of \$6,181,536.
- An increase in ad valorem proceeds from the prior year of \$341,158 based on an increase to the taxable value of real and personal property of 7.58%.
- The City recognized revenue in the amount of \$103,890 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.
- The City's recreational facilities, including the Casino, Recreation Center and Senior Center transitioned from limited programming due to the impacts of COVID-19 to officially welcoming in-person activities in June 2021. Revenue from Casino dances and concessions combined increased by \$216,576 from FY21 to FY22.

General Fund expenditures before transfers increased by \$1,982,219 over the prior fiscal year. Of this increase \$831,284 was related to projects identified as ARPA spending including; Rebound Program, Public Wi-Fi Project, Beach Playground Renovation, Tennis/Pickleball Court Renovation, Digital Water Meters, Water/Sewer Lateral Replacement Program. The remaining increase of \$1,278,688 was largely a result of normal operations including the following:

- Collective bargaining agreements with public safety, both Police and Fire, were renewed under a three (3) year contract (effective October 1, 2021 – September 30, 2024). The agreements encompass approved step plan(s) salary increases. Additionally, an 8% 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 12.57% in total. The City's Employee Health Insurance cost increased 4.4% 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. As a result of increased taxable sales as the economy continues to recover from the COVID-19 pandemic, revenue from Penny for Pinellas increased by \$262,342 from \$1,523,675 in FY21 to \$1,786,017 in FY22. The Capital Projects Fund finished the fiscal year with a net increase to fund balance of \$729,146, and when considering encumbrances of \$185,085 the available fund balance would amount to \$544,061.

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 \$1,003,895 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 a decrease in net position of \$(198,881) compared to an increase of \$69,923 in FY21.

The Sanitation Fund has experienced some negative economic impacts as a result of the ongoing effects of the COVID-19 pandemic, including; labor shortages, supply chain interruptions, rising inflation and most significantly, price volatility in the cost of fuel. Due to the nature of operations the Sanitation Fund has disproportionately absorbed rising fuel costs throughout the FY22 fiscal year. The cost of fuel and vehicle repairs increased by \$212,345 from the prior year. As a result, the payment in lieu of taxes annually transferred to the General Fund was suspended, and therefore remained in the Sanitation fund offset the negative economic impacts.

Eligible city employees of the Sanitation Fund participate in the City of Gulfport General Employees' Pension Plan. In FY22 the plan experienced various fluctuations including investment volatility that resulted in the Plan Fiduciary Net Position as a percentage of the Total Pension Liability decreasing from 121.38% to 90.50%. This resulted in a pension expense in FY22 of \$(96,447) compared to a pension gain in FY21 of \$218,965.

On October 1, 2021, 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 6% increase to sanitation rates to offset the rising cost in FY22.

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 \$(51,777) in comparison to the prior year decrease of \$(181,664).

Slip rental revenue slightly decreased from \$1,145,686 in FY21 to \$1,132,936 in FY22. Transient slip rental revenues have increased to pre-pandemic levels, with revenue increasing from \$64,348 in FY21 to \$77,008 in FY22. The most significant increase is related to fuel and oil sales rising from \$1,266,398 in FY21 to \$1,717,513 in FY22, an increase of 36%.

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 \$1,254,553 as compared to an increase of \$152,394 in FY21. The following explains the increase in net position from FY21 to FY22.

During fiscal year 2022 City Council identified water and sewer infrastructure as a priority in which to allocate ARPA proceeds. The increase in net position in FY22 was considerably related to this funding source. A total of \$977,000 was transferred to the Utility Fund to offset part of the capital infrastructure plan which includes contributions towards the City Sanitary Sewer Rehabilitation Program and the Sanitary Sewer Manhole Restoration Program.

In FY22 wholesale rates increased 4.09% and 10.65% 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 FY21 to FY22 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

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,931,465	\$ 2,292,450	\$ 360,985
Public Safety	6,485,686	7,585,751	1,100,065
Recreation	3,884,238	4,669,906	785,668
Community Development /			
Redevelopment	1,248,130	1,213,037	(35,093)
Public Works	1,957,141	3,223,088	1,265,947
Transfers Out	-	1,273,000	1,273,000
	<u>\$ 15,506,660</u>	<u>\$ 20,257,232</u>	<u>\$ 4,750,572</u>

The General Fund final budget in total increased by \$4,750,572 from the original budget. The substantial variance is due to the City’s approach to alleviating restrictions on ARPA funds. The City took advantage of an option to make a one-time decision to elect a “Standard Allowance” in which the Treasury presumed that the entire award allocation, in revenue has been lost due to the public health emergency and was permitted to use to fund “government services.” Therefore, the elected strategy relieved the restriction on these funds, and effectively combined the funding into the General Fund. Budget amendments to approve ARPA spending from the General Fund were authorized in the amount of \$3,226,618. An additional \$1,273,000 of transfers were authorized consisting of \$977,000 to support water and sewer infrastructure projects, and \$296,000 to support the Senior Center Capital Campaign project.

	<u>Final Budget</u>	<u>Final Budget</u>	<u>Change</u>
	2022	2021	
General Government	\$ 2,292,450	\$ 1,852,523	\$ 439,927
Public Safety	7,585,751	6,328,270	1,257,481
Recreation	4,669,906	3,747,870	922,036
Community Development /			
Redevelopment	1,213,037	965,206	247,831
Public Works	3,223,088	1,737,414	1,485,674
Transfers Out	1,273,000	100,000	1,173,000
	<u>\$ 20,257,232</u>	<u>\$ 14,731,283</u>	<u>\$ 5,525,949</u>

Final budgeted expenditures, including transfers out, for the General Fund increased by \$5,525,949 over the prior fiscal year final budget. The substantial variance is related to the ARPA funds and is discussed in detail in the preceding paragraph.

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

BUDGETARY HIGHLIGHTS – GENERAL FUND - *Continued*

Expenditures	<u>Actual</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 2,147,218	\$ 2,292,450	\$ (145,232)
Public Safety	6,429,500	7,585,751	(1,156,251)
Recreation	3,878,944	4,669,906	(790,962)
Community Development / Redevelopment	927,428	1,213,037	(285,609)
Public Works	2,130,645	3,223,088	(1,092,443)
Transfers Out	1,273,000	1,273,000	-
	<u>\$ 16,786,735</u>	<u>\$ 20,257,232</u>	<u>\$ (3,470,497)</u>

Actual fiscal year 2022 net change in fund balance, including transfers, for the General Fund were less than the final budgeted net change in fund balance by \$(3,470,497). A significant component of the unspent budget dollars is associated with encumbrances in the amount of \$2,603,573 that are included in the final budget but not yet spent. Furthermore, the city reduced government spending by 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

As of September 30, 2022, the City had \$33,564,866 invested in a variety of capital assets as compared to \$32,246,876 as of September 30, 2021. This represents a net decrease of \$1,317,990 or 4.09% from the prior year. Governmental activities contributed to (-48%) of this decrease while business-type activities contributed to 148%. Notable projects for FY22 are as follows:

- Fire – 2022 Ford Ranger
- Fire – Portable Radios, rescue equipment and cleaning equipment
- Police – Two 2022 Ford Explorers, vehicle upfitting and in car body cameras
- Police – Mobile Dispatch terminal
- Parks – Dog Park shade sails
- Completion of the Williams Pier rehabilitation
- Street paving and resurfacing
- Recreation – A/C Replacement
- Recreation – Outdoor Classroom
- Beach Playground and Surface project
- Tennis & Pickleball Court Construction Project
- City Hall Complex – Paving Overlay
- Completion of the 49th St Alternate EOC Generator Project
- Completion of the Marina Commercial Dock
- Waterfront Redevelopment – Gecko Statue
- Information Technology – Citywide Wi-Fi Project
- Completion of the Marina Solar Project
- Wastewater Treatment Facility Phase I Construction and Priority II repairs
- Lift Station 2 Force Main Extension and Pumping Improvement Project - Rehabilitation
- Sanitary Sewer Manhole Rehabilitation & Replacement
- Sanitary Sewer Evaluation Survey Planning Phase II

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

CAPITAL ASSETS – *Continued*

Construction in Progress within the Governmental Activities of \$347,355 includes projects that remain in CIP from the prior year such as architectural design services for the Senior Center and design and engineering services for the City Hall Complex Generator Project. New projects in this category are the Beach Playground and Surface project, Scout Hall Restoration and Waterproofing project, Tennis & Pickleball Court Construction Project and Phase II of the 49th Street Calming Project.

Construction in Progress within the Business-Type Activities amounts to \$9,222,488. Some of the significant projects that comprise this balance include:

- 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) construction.
- Sanitary Sewer Manhole Rehabilitation & Replacement project
- BCYC Breakwater Linear Park including surveying and applications.
- Dry Boat Storage Renovation project including preliminary plan preparation, site review and equipment.

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	
	2022	2021	2022	2021	2022	2021
Land	\$ 592,072	\$ 592,072	\$ 20,000	\$ 20,000	\$ 612,072	\$ 612,072
Construction in Progress	347,355	833,130	9,222,488	6,165,747	9,569,843	6,998,877
Buildings	10,828,026	10,828,026	1,556,390	1,556,390	12,384,416	12,384,416
Infrastructure and Improvements	22,399,044	21,016,325	25,652,061	25,525,822	48,051,105	46,542,147
Right to Use Leases	18,091	-	-	-	18,091	-
Equipment	6,516,213	6,209,030	4,527,724	4,622,154	11,043,937	10,831,184
Software	462,344	468,594	69,953	69,953	532,297	538,547
	<u>41,163,145</u>	<u>39,947,177</u>	<u>41,048,616</u>	<u>37,960,066</u>	<u>82,211,761</u>	<u>77,907,243</u>
Less: Accumulated Depreciation	(26,857,595)	(25,007,618)	(21,789,300)	(20,652,749)	(48,646,895)	(45,660,367)
Capital Assets, net	<u>\$ 14,305,550</u>	<u>\$ 14,939,559</u>	<u>\$ 19,259,316</u>	<u>\$ 17,307,317</u>	<u>\$ 33,564,866</u>	<u>\$ 32,246,876</u>

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 \$7,566,113 as of September 30, 2022.

**LONG TERM DEBT
As of September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Financed Purchases	\$ -	\$ 82,269	\$ 233,419	\$ 384,085	\$ 233,419	\$ 466,354
Notes from Direct Borrowing	-	-	7,550,930	5,232,143	7,566,113	5,232,143
	<u>\$ -</u>	<u>\$ 82,269</u>	<u>\$ 7,784,349</u>	<u>\$ 5,616,228</u>	<u>\$ 7,799,532</u>	<u>\$ 5,698,497</u>

Business-type activities had \$7,784,349 in outstanding long-term debt. The FDEP loan discussed in the preceding page is responsible for \$7,566,113. The remaining \$233,419 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 \$(82,269) as new capital purchase 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, 2022, there were no outstanding capital purchase agreements.

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 2023 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 2023 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 2023 BUDGETS AND RATES - *Continued*

Key Factors considered in preparing the City of Gulfport's budget for fiscal year 2023 included:

- The Ad Valorem millage (property tax) has been budgeted to remain at 4.039 mils for the 11th consecutive year. An increase in the actual assessed value of property in the City is projected to generate an estimated \$697,000 in additional revenue.
- An increase in utility rates was approved and considered within the calculation of the FY23 budget:
 - Sanitation & Recycling 6% increase, (Ordinance 2022-03)
 - Sewer rate 0 % increase, repealing minimum bill providing for a new base + consumption structure (Ordinance 2022-06)
 - Water rate 0 % increase, repealing minimum bill providing for a new base + consumption structure (Ordinance 2022-05)
 - Storm water rate \$0 per month increase, (Ordinance 2022-04)
- An increase in employee compensation has been included in the budget with the application of an 6.0% salary plan adjustment program.
- Employee health insurance is increased 1% 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 14% 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 2023 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 53rd Street South, Gulfport, Florida 33707, telephone (727) 893-1014.

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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, 2022

	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,942,925	\$ 3,770,195	\$ 11,713,120
Investments	1,998,162	-	1,998,162
Restricted Cash and Investments	1,488,490	698,344	2,186,834
Receivables (Net)	569,410	1,209,260	1,778,670
Due from Other Governments	141,910	98,796	240,706
Inventories	273,258	92,162	365,420
Prepaid Items	24,838	1,000	25,838
Leases Receivable	388,729	-	388,729
Capital Assets:			
Capital Assets Not Being Depreciated	939,427	9,242,488	10,181,915
Capital Assets Being Depreciated and Amortized (Net)	<u>13,366,123</u>	<u>10,016,828</u>	<u>23,382,951</u>
Total Capital Assets	<u>14,305,550</u>	<u>19,259,316</u>	<u>33,564,866</u>
Total Assets	<u>27,133,272</u>	<u>25,129,073</u>	<u>52,262,345</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows for OPEB	186,555	40,437	226,992
Deferred Outflows for Pensions	<u>5,657,753</u>	<u>1,151,846</u>	<u>6,809,599</u>
Total Deferred Outflows of Resources	<u>5,844,308</u>	<u>1,192,283</u>	<u>7,036,591</u>
LIABILITIES			
Accounts Payable	763,377	591,813	1,355,190
Liabilities Payable from Restricted Assets	-	476,283	476,283
Accrued Liabilities	111,032	34,078	145,110
Due to Other Governments	5,296	160,393	165,689
Deposits	40,357	-	40,357
Long-term Liabilities:			
Due within One Year	368,027	465,337	833,364
Due in More Than One Year	<u>8,717,541</u>	<u>8,285,812</u>	<u>17,003,353</u>
Total Liabilities	<u>10,005,630</u>	<u>10,013,716</u>	<u>20,019,346</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows for Leases	388,729	-	388,729
Deferred Inflows for OPEB	152,239	33,551	185,790
Deferred Inflows for Pensions	<u>340,714</u>	<u>43,792</u>	<u>384,506</u>
Total Deferred Inflows of Resources	<u>881,682</u>	<u>77,343</u>	<u>959,025</u>
NET POSITION			
Net Investment in Capital Assets	14,132,507	11,348,400	25,480,907
Restricted			
Capital Projects	1,419,256	-	1,419,256
Debt Service	-	222,061	222,061
Library Projects	50,971	-	50,971
Public Safety	2,000	-	2,000
Other Special Projects	16,263	-	16,263
Unrestricted	<u>6,469,271</u>	<u>4,659,836</u>	<u>11,129,107</u>
Total Net Position	<u>\$ 22,090,268</u>	<u>\$ 16,230,297</u>	<u>\$ 38,320,565</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, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 2,354,505	\$ 2,249,850	\$ 6,180,368	\$ -
Public Safety	7,863,445	1,658,416	25,662	-
Recreation	4,488,672	716,252	379,681	68,404
Community Development/Redevelopment	1,552,429	-	-	-
Public Works	2,805,655	430,195	-	20,837
Interest on Long-Term Debt	2,875	-	-	-
Total Governmental Activities	<u>19,067,581</u>	<u>5,054,713</u>	<u>6,585,711</u>	<u>89,241</u>
Business-type Activities:				
Sanitation	2,952,942	2,745,057	8,916	-
Water and Sewer	7,556,584	7,977,255	-	17,201
Marina	3,045,645	3,232,636	-	-
Total Business-type Activities	<u>13,555,171</u>	<u>13,954,948</u>	<u>8,916</u>	<u>17,201</u>
Total	<u>\$ 32,622,752</u>	<u>\$ 19,009,661</u>	<u>\$ 6,594,627</u>	<u>\$ 106,442</u>

General Revenues:

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

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

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

Governmental Activities	Business- type Activities	Total
\$ 6,075,713	\$ -	\$ 6,075,713
(6,179,367)	-	(6,179,367)
(3,324,335)	-	(3,324,335)
(1,552,429)	-	(1,552,429)
(2,354,623)	-	(2,354,623)
(2,875)	-	(2,875)
<u>(7,337,916)</u>	<u>-</u>	<u>(7,337,916)</u>
-	(198,969)	(198,969)
-	437,872	437,872
-	186,991	186,991
<u>-</u>	<u>425,894</u>	<u>425,894</u>
<u>(7,337,916)</u>	<u>425,894</u>	<u>(6,912,022)</u>
4,909,537	-	4,909,537
1,015,026	-	1,015,026
1,786,017	-	1,786,017
1,955,896	-	1,955,896
162,417	-	162,417
557,167	-	557,167
72,489	-	72,489
862,086	-	862,086
36,189	7,751	43,940
65,249	-	65,249
27,829	-	27,829
<u>(570,250)</u>	<u>570,250</u>	<u>-</u>
<u>10,879,652</u>	<u>578,001</u>	<u>11,457,653</u>
3,541,736	1,003,895	4,545,631
<u>18,548,532</u>	<u>15,226,402</u>	<u>33,774,934</u>
<u>\$ 22,090,268</u>	<u>\$ 16,230,297</u>	<u>\$ 38,320,565</u>

CITY OF GULFPORT, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 7,365,916	\$ 1,012,922	\$ 1,052,577	\$ 9,431,415
Investments	1,998,162	-	-	1,998,162
Accounts Receivable (Net)	558,959	-	-	558,959
Due from Other Governments	17,741	124,169	-	141,910
Prepaid Items	-	-	24,838	24,838
Inventories	273,258	-	-	273,258
Leases Receivable	388,729	-	-	388,729
Total Assets	<u>\$ 10,602,765</u>	<u>\$ 1,137,091</u>	<u>\$ 1,077,415</u>	<u>\$ 12,817,271</u>
LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 650,994	\$ 85,182	\$ 27,201	\$ 763,377
Accrued Liabilities	110,863	-	169	111,032
Due to Other Governments	5,296	-	-	5,296
Deposits Payable	40,357	-	-	40,357
Total Liabilities	<u>807,510</u>	<u>85,182</u>	<u>27,370</u>	<u>920,062</u>
Deferred Inflows of Resources:				
Deferred Inflows - Unavailable Revenues	5,139	-	-	5,139
Deferred Inflows - Leases	388,729	-	-	388,729
Total Deferred Inflows of Resources	<u>393,868</u>	<u>-</u>	<u>-</u>	<u>393,868</u>
Fund Balances:				
Nonspendable Inventories and Prepays	273,258	-	24,838	298,096
Restricted for Law Enforcement	-	-	2,000	2,000
Restricted for Capital Purchases	-	1,051,909	-	1,051,909
Restricted for Waterfront Redevelopment	-	-	265,161	265,161
Restricted for Donor Provisions	16,263	-	78,186	94,449
Restricted for Library	-	-	45,832	45,832
Assigned for Capital Purchases	231,471	-	-	231,471
Assigned for Subsequent Year's Budget	157,901	-	-	157,901
Assigned for Public Wifi Project	32,350	-	-	32,350
Assigned for ALS Fire Truck	835,160	-	-	835,160
Assigned for 49th Street Redevelopment	-	-	11,963	11,963
Assigned for Beach Renourishment	-	-	100,000	100,000
Assigned for Williams Pier	-	-	50,000	50,000
Assigned for Recreation Improvements	473,115	-	-	473,115
Assigned for Other Public Works Improvements	1,031,477	-	-	1,031,477
Assigned for Other Waterfront Redevelopment	-	-	472,065	472,065
Unassigned	6,350,392	-	-	6,350,392
Total Fund Balances	<u>9,401,387</u>	<u>1,051,909</u>	<u>1,050,045</u>	<u>11,503,341</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,602,765</u>	<u>\$ 1,137,091</u>	<u>\$ 1,077,415</u>	<u>\$ 12,817,271</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, 2022

Total fund balances of governmental funds	\$ 11,503,341
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 \$41,163,145, and the accumulated depreciation and amortization is \$26,857,595.	14,305,550
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:	
Leases Payable	(15,183)
Total OPEB Liability	(731,090)
Net pension liability	(7,289,959)
Compensated absences	<u>(1,049,336)</u>
	(9,085,568)
Other long term assets that are not available to pay for current period expenditures and are either deferred or not reported in the funds	10,451
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	186,555
Deferred outflows of resources for pensions	5,657,753
Deferred inflows of resources for OPEB	(152,239)
Deferred inflows of resources for pensions	<u>(340,714)</u>
	5,351,355
Deferred inflows from federal and state grants recognized as revenue of the current period	5,139
Total net position of governmental activities	<u><u>\$ 22,090,268</u></u>

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, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 7,475,989	\$ 1,786,017	\$ 460,305	\$ 9,722,311
Permits and Fees	773,003	20,837	-	793,840
Intergovernmental Revenues	9,154,531	-	-	9,154,531
Charges for Services	3,181,855	-	-	3,181,855
Fines and Forfeitures	(75,478)	-	-	(75,478)
Investment Income	25,738	-	-	25,738
Miscellaneous Revenues	355,574	21,362	28,015	404,951
Total Revenues	<u>20,891,212</u>	<u>1,828,216</u>	<u>488,320</u>	<u>23,207,748</u>
EXPENDITURES				
Current:				
General Government	2,147,218	-	-	2,147,218
Public Safety	6,429,500	-	-	6,429,500
Recreation	3,878,944	-	235,923	4,114,867
Community Development/ Redevelopment	927,428	-	286,124	1,213,552
Public Works	2,130,645	-	-	2,130,645
Capital Outlay	-	721,257	-	721,257
Debt Service:				
Principal	2,908	82,269	-	85,177
Interest	1,504	1,371	-	2,875
Total Expenditures	<u>15,518,147</u>	<u>804,897</u>	<u>522,047</u>	<u>16,845,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,373,065</u>	<u>1,023,319</u>	<u>(33,727)</u>	<u>6,362,657</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers In	700,923	-	296,000	996,923
Transfers (Out)	(1,273,000)	(294,173)	-	(1,567,173)
Total Other Financing Sources and (Uses)	<u>(572,077)</u>	<u>(294,173)</u>	<u>296,000</u>	<u>(570,250)</u>
Net Change in Fund Balances	4,800,988	729,146	262,273	5,792,407
Fund Balances - Beginning	<u>4,600,399</u>	<u>322,763</u>	<u>787,772</u>	<u>5,710,934</u>
Fund Balances - Ending	<u>\$ 9,401,387</u>	<u>\$ 1,051,909</u>	<u>\$ 1,050,045</u>	<u>\$ 11,503,341</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, 2022

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

Net change in fund balances - total governmental funds	\$	5,792,407
<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 (\$1,895,817) exceeds capital purchases (\$1,243,717).</p>		
		(652,100)
<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>		
Principal repayments:		
Leases payable	\$ 2,908	
Financed purchases	<u>82,269</u>	85,177
<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		(96,142)
<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>		
		(38,632)
<p>Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		10,451
<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		(46,840)
Difference between pension contributions and net pension expense		<u>(1,512,585)</u>
Change in net position of governmental activities	\$	<u>3,541,736</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, 2022

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 244,838	\$ 2,460,628	\$ 1,064,729	\$ 3,770,195
Restricted Assets:				
Cash Held for Customer Deposits	-	380,656	95,627	476,283
Cash Held for Debt Service	-	222,061	-	222,061
Accounts Receivable (Net)	306,215	880,548	22,497	1,209,260
Due from Other Governments	8,916	89,880	-	98,796
Inventories	-	47,800	44,362	92,162
Prepaid Items	-	-	1,000	1,000
Total Current Assets	559,969	4,081,573	1,228,215	5,869,757
Noncurrent Assets:				
Capital Assets:				
Land	-	-	20,000	20,000
Buildings	230,746	411,965	913,679	1,556,390
Infrastructure and Improvements	297,195	20,197,280	5,157,586	25,652,061
Equipment and Machinery	2,758,102	1,128,820	640,802	4,527,724
Software	17,104	36,274	16,575	69,953
Construction in Progress	-	9,124,908	97,580	9,222,488
Less: Accumulated Depreciation and Amortization	(2,549,323)	(14,258,507)	(4,981,470)	(21,789,300)
Total Capital Assets (Net)	753,824	16,640,740	1,864,752	19,259,316
Total Noncurrent Assets	753,824	16,640,740	1,864,752	19,259,316
Total Assets	1,313,793	20,722,313	3,092,967	25,129,073
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for OPEB	18,563	16,753	5,121	40,437
Deferred Outflows for Pensions	524,900	466,451	160,495	1,151,846
Total Deferred Outflows of Resources	543,463	483,204	165,616	1,192,283

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION - Continued
PROPRIETARY FUNDS
September 30, 2022

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 80,350	\$ 479,843	\$ 31,620	\$ 591,813
Accrued Liabilities	28,117	-	5,961	34,078
Due to Other Governments	-	149,874	10,519	160,393
Liabilities Payable from Restricted				
Assets - Deposits	-	380,656	95,627	476,283
Financed Purchases	150,666	-	-	150,666
Revolving Loan Payable	-	253,134	-	253,134
Compensated Absences Payable	21,178	26,113	14,246	61,537
Total Current Liabilities	280,311	1,289,620	157,973	1,727,904
Noncurrent Liabilities:				
Net Pension Liability	228,464	296,432	115,345	640,241
Other Postemployment Benefits	76,879	54,010	20,936	151,825
Financed Purchases	82,753	-	-	82,753
Revolving Loan Payable	-	7,297,796	-	7,297,796
Compensated Absences Payable	21,672	63,925	27,600	113,197
Total Noncurrent Liabilities	409,768	7,712,163	163,881	8,285,812
Total Liabilities	690,079	9,001,783	321,854	10,013,716
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for OPEB	14,755	13,591	5,205	33,551
Deferred Inflows for Pensions	38,853	4,939	-	43,792
Total Deferred Inflows of Resources	53,608	18,530	5,205	77,343
NET POSITION				
Net Investment in Capital Assets	520,405	8,979,542	1,848,453	11,348,400
Restricted for Debt Service	-	222,061	-	222,061
Unrestricted	593,164	2,983,601	1,083,071	4,659,836
Total Net Position	\$ 1,113,569	\$ 12,185,204	\$ 2,931,524	\$ 16,230,297

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, 2022

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
OPERATING REVENUES:				
Charges for Services	\$ 2,729,455	\$ 7,977,255	\$ 3,232,601	\$ 13,939,311
Miscellaneous Revenues	15,602	-	35	15,637
Total Operating Revenues	<u>2,745,057</u>	<u>7,977,255</u>	<u>3,232,636</u>	<u>13,954,948</u>
OPERATING EXPENSES:				
Personal Services	1,067,856	948,972	502,969	2,519,797
Contracted Services	568,549	4,287,920	17,213	4,873,682
Supplies and Materials	110,728	205,936	1,516,792	1,833,456
Repairs and Maintenance	412,027	128,882	99,577	640,486
Administrative Overhead	406,016	1,234,267	361,968	2,002,251
Other Services and Charges	40,287	65,551	233,190	339,028
Depreciation and Amortization	339,450	621,052	313,936	1,274,438
Total Operating Expenses	<u>2,944,913</u>	<u>7,492,580</u>	<u>3,045,645</u>	<u>13,483,138</u>
Operating Income	<u>(199,856)</u>	<u>484,675</u>	<u>186,991</u>	<u>471,810</u>
NONOPERATING REVENUES				
(EXPENSES):				
Operating Grants	8,916	-	-	8,916
Legal Settlement	-	(25,000)	-	(25,000)
Investment Income	88	5,119	2,544	7,751
Interest Expense	(8,029)	(39,004)	-	(47,033)
Total Nonoperating Revenues (Expenses)	<u>975</u>	<u>(58,885)</u>	<u>2,544</u>	<u>(55,366)</u>
Income (Loss) Before Contributions and Transfers	<u>(198,881)</u>	<u>425,790</u>	<u>189,535</u>	<u>416,444</u>
Capital Contributions	-	17,201	-	17,201
Transfers In	-	1,271,173	-	1,271,173
Transfers (Out)	-	(459,611)	(241,312)	(700,923)
Change in Net Position	<u>(198,881)</u>	<u>1,254,553</u>	<u>(51,777)</u>	<u>1,003,895</u>
Total Net Position - Beginning	<u>1,312,450</u>	<u>10,930,651</u>	<u>2,983,301</u>	<u>15,226,402</u>
Total Net Position - Ending	<u>\$ 1,113,569</u>	<u>\$ 12,185,204</u>	<u>\$ 2,931,524</u>	<u>\$ 16,230,297</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, 2022

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,742,884	\$ 8,098,955	\$ 3,234,469	\$ 14,076,308
Payments to Suppliers	(1,516,082)	(6,090,844)	(2,340,528)	(9,947,454)
Payments to Employees	(953,298)	(831,158)	(457,013)	(2,241,469)
Net Cash and Cash Equivalent Provided (Used) by Operating Activities	273,504	1,176,953	436,928	1,887,385
Cash Flows from Noncapital Financing Activities				
Transfers (to) Other Funds	-	(459,611)	(241,312)	(700,923)
Transfers from Other Funds	-	1,271,173	-	1,271,173
Net Cash and Cash Equivalent Provided (Used) in Noncapital Financing Activities	8,284	811,562	(241,312)	578,534
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(9,724)	(3,003,635)	(86,511)	(3,099,870)
Impact Fees Received	-	17,201	-	17,201
Proceeds from Revolving Loan	-	2,571,921	-	2,571,921
Principal Payments	(150,666)	(253,134)	-	(403,800)
Interest Payments	(8,029)	(39,004)	-	(47,033)
Net Cash and Cash Equivalent Provided (Used) in Capital and Related Financing Activities	(168,419)	(706,651)	(86,511)	(961,581)
Cash Flows from Investing Activities				
Income Received from Investments	88	5,119	2,544	7,751
Net Cash and Cash Equivalent Provided in Investing Activities	88	5,119	2,544	7,751
Net Increase (Decrease) in Cash and Cash Equivalents	113,457	1,286,983	111,649	1,512,089
Cash and Cash Equivalents at Beginning of Year	131,381	1,776,362	1,048,707	2,956,450
Cash and Cash Equivalents at End of Year	\$ 244,838	\$ 3,063,345	\$ 1,160,356	\$ 4,468,539

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
For The Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
Reconciliation of Operating Income (Loss) to Net Cash and Cash Equivalents Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (199,856)	\$ 484,675	\$ 186,991	\$ 471,810
Depreciation and Amortization	339,450	621,052	313,936	1,274,438
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Deferred Outflows for OPEB	1,582	1,461	567	3,610
Deferred Outflows for Pensions	(368,742)	(354,605)	(137,465)	(860,812)
Deferred Inflows for Pensions	(286,546)	(275,560)	(102,413)	(664,519)
Deferred Inflows for OPEB	12,987	11,996	4,655	29,638
Total OPEB Liability	(10,027)	(9,262)	(3,594)	(22,883)
Net Pension Asset/Liability	777,806	747,985	289,961	1,815,752
(Increase) Decrease in Accounts Receivable	(2,173)	27,131	723	25,681
(Increase) Decrease in Due from Other Governments	-	(5,307)	-	(5,307)
(Increase) Decrease in Inventories	-	(12,548)	(8,108)	(20,656)
Increase (Decrease) in Accounts Payable	21,525	(161,569)	(103,788)	(243,832)
Increase (Decrease) in Due to Other Governments	-	5,829	108	5,937
Increase (Decrease) in Accrued Liabilities	(20,196)	(19,035)	(9,351)	(48,582)
Increase (Decrease) in Compensated Absences	7,694	14,834	3,596	26,124
Increase (Decrease) in Customer Deposits	-	99,876	1,110	100,986
Total Adjustments	473,360	692,278	249,937	1,415,575
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	\$ 273,504	\$ 1,176,953	\$ 436,928	\$ 1,887,385

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, 2022

ASSETS

Cash and Cash Equivalents:	
Short Term Investments	\$ 978,478
Total Cash and Cash Equivalents	978,478
Receivables:	
City Contributions in Transit	181,374
Additional City Contribution	54,840
Investment Income	29,299
Due from Government	633
Total Receivables	266,146
Prepaid Expenses	1,507
Investments, at Fair Value:	
U.S. Government Obligations	313,357
Asset-backed Securities	1,469,287
Stocks	2,807,756
Corporate Bonds	1,699,264
Mutual Funds:	
Equity	15,794,536
Real Estate	1,749,329
Fixed Income	8,705,976
Total Investments	32,539,505
Total Assets	33,785,636

LIABILITIES

Prepaid City Contribution	24,795
Accounts Payable	6,254
Total Liabilities	31,049

Net Position Restricted for Pension Benefits	\$ 33,754,587
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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, 2022

ADDITIONS

Contributions	
City	\$ 711,462
Member	384,387
State	224,970
Total Contributions	1,320,819
Investment Income (Loss)	
Net decrease in Fair Value of Investments	(8,691,678)
Interest and Dividends	1,587,000
Less: Investment Expense ¹	(126,495)
Net Investment Income (Loss)	(7,231,173)
Total Additions	(5,910,354)

DEDUCTIONS

Distributions to Members:	
Benefit Payments	1,569,824
Lump Sum PLOP Distributions	129
Refunds of Member Contributions	122,595
Total Distributions	1,692,548
Administrative Expense	193,553
Total Deductions	1,886,101

Change in Net Position (7,796,455)

Net Position Restricted for Pension Benefits

Beginning of Year	41,551,042
End of Year	\$ 33,754,587

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2022

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, 2022

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 49th 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, 2022

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

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

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

1. Governmental Funds:

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

- a) **General Fund** - This fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
- b) **Special Revenue Funds** - These funds are used to account for and report the proceeds of specific revenue sources (other than debt service or major capital projects) that are legally restricted or committed to expenditures for specified purposes. The City has four special revenue funds consisting of the Waterfront and 49th Street Redevelopment Districts discussed previously, the Library Fund to account for donations for the library, and the Law Enforcement Trust to account for forfeiture proceeds restricted in use by Florida Statutes.
- c) **Capital Projects 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, 2022

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, 2022

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, 2022

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

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

Receivables and Payables *(Continued)*

All accounts receivable is shown net of an allowance for uncollectible. The City maintains an allowance for estimated losses through ongoing estimates relating to the collectability of the accounts receivable.

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 2022 and are uncollected as of September 30, 2022, 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, 2022, 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. For lease right-to-use intangible assets, the City capitalizes when the asset value is \$10,000 or greater. 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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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

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

Capital Assets *(Continued)*

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.

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.

Leases

The City enters into many noncancelable leases for the right to use land, equipment and facilities throughout its operations. When the City is the lessee, the contracts result in recognition of a right-to-use intangible asset that is offset by a corresponding lease liability. When the City is the lessor, the contracts result in recognition of a lease receivable offset by a corresponding deferred inflow of resources. Lease intangible assets are reported with capital assets and lease liabilities are reported with long term liabilities on the government-wide and proprietary fund financial statements.

At the commencement of a lease when the City is the lessee, the City initially measures the lease liability at the present value of total payments over the lease term. The lease asset is measured as the value of the lease liability, adjusted for any prepayments, plus certain initial direct costs. At commencement of a lease when the City is the lessor, the City measures the lease receivable at the present value of expected rental receipts over the lease term. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for prepayments received prior to the lease commencement.

Estimates and judgments are sometimes made when determining the discount rate and overall term of the leases. The City monitors its leases for significant changes in circumstances that warrant a remeasurement of the lease liability and associated intangible asset, and/or lease receivable and associated deferred inflow of resources.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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

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

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, 2022

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 assets 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 assets 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 three items that qualify as deferred inflows of resources on its government-wide and proprietary statements of net position, deferred inflows for leases, 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 will be recognized as reductions to OPEB and pension expenses in future reporting years. The deferred inflows for leases offset the lease receivable and will result in inflows of rental and interest income in future periods.

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. The City also reports deferred inflows for leases that will be recognized in a systematic manner over the course of the lease.

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, 2022

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, 2022

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, 2022

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, 2022 was 4.039 mills.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, 2022

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, 2022, the bank balance of the City's cash deposit accounts was \$10,085,634 and the carrying amount of the demand deposits and cash on hand was \$9,650,866. 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, 2022

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. The City’s investment in FL SAFE Treasury Notes is measured using Level 2 inputs.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

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

Investments (Continued)

The City's investments reported at amortized cost as of September 30, 2022, are as follows:

	Fair Value	Weighted Average Maturity	Credit Rating
Florida Surplus Asset Fund Trust (SAFE)	\$ 4,180,547	28 days (1)	S&P AA Af
FL SAFE Treasury Notes	1,998,162	296 days	N/A
Florida PRIME	68,541	21 days (1)	S&P AA Am
Total Investments	<u>\$ 6,247,250</u>		

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

The FL SAFE and Florida PRIME are reported as cash equivalents in the financial statements.

Interest Rate Risk- In compliance with the City's investment policy, as of September 30, 2022, 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, 2022, 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 \$100,952, are reported as cash equivalents and valued at amortized cost.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, 2022:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Equity Mutual Funds	\$ 8,993,892	n/a	n/a
Real Estate MF	1,007,843	n/a	n/a
Fixed Income Mutual Funds	6,508,237	see below	A
Total Investments	\$ 16,509,972		

Fixed income mutual funds with Dodge and Cox Income Fund have weighted average maturity of 10.5 years, and with PIMCO Diversified have weighted average maturity of 9.14 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	\$ 8,993,892	\$ -	\$ -
Real Estate MF	-	-	1,007,843
Fixed Income Mutual Funds	6,508,237	-	-
Total Investments	\$ 15,502,129	\$ -	\$ 1,007,843

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, 2022

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 \$704,646, 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, 2022:

	Fair Value	Weighted Average Maturity	Credit Rating
US Government Obligations	\$ 313,357	19.43 Years	Aaa/ AA+
Asset-backed Securities	1,469,287	7.4 Years	Aaa/ AA+
Stocks	1,721,941	n/a	n/a
Corporate Bonds	1,699,264	7.11 Years	A3 / A-
Equity Mutual Funds	4,727,437	n/a	n/a
Real Estate MF	741,486	n/a	n/a
Total Investments	<u>\$ 10,672,772</u>		

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

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

Police Pension Fund (Continued)

	<u>Fair Value Measurements Using</u>		
	Quoted Priced in Active Markets	Significant Observable Input	Significant Unobservable
	Level 1	Level 2	Level 3
US Government Obligations	\$ -	\$ 313,357	\$ -
Asset-backed Securities	-	1,469,287	-
Stocks	1,721,941	-	-
Corporate Bonds	-	1,699,264	-
Equity Mutual Funds	4,727,437	-	-
Real Estate MF	-	-	741,486
Total Investments	\$ 6,449,378	\$ 3,481,908	\$ 741,486

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 \$172,880, are reported as cash equivalents and valued at amortized cost.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

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, 2022:

	Fair Value	Weighted Average Maturity	Credit Rating
Stocks	\$ 1,085,815	n/a	n/a
Equity Mutual Funds	2,073,207	n/a	n/a
Fixed Income Mutual Funds	2,197,739	see below	A
Total Investments	<u>\$ 5,356,761</u>		

	Fair Value Measurements Using		
	Quoted Priced in Active Markets	Significant Observable Input	Significant Unobservable
	Level 1	Level 2	Level 3
Stocks	\$ 1,085,815	\$ -	\$ -
Equity Mutual Funds	2,073,207	-	-
Fixed Income Mutual Funds	2,197,739	-	-
Total Investments	<u>\$ 5,356,761</u>	<u>\$ -</u>	<u>\$ -</u>

Fixed income mutual funds with Dodge and Cox Income Fund have weighted average maturity 10.5 years, and with PIMCO Diversified have weighted average maturity of 9.14 years with an average credit rating of A.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable:			
Billed	\$ 481,042	\$ 847,271	\$ 1,328,313
Unbilled	15,127	474,796	489,923
Payroll Advance	3,213	927	4,140
Code Enforcement Liens	120,910	-	120,910
Accrued Interest	10,451	-	10,451
Total Receivables	630,743	1,322,994	1,953,737
Allowance for Uncollectibles	(61,333)	(113,734)	(175,067)
Net Total Receivables	\$ 569,410	\$ 1,209,260	\$ 1,778,670

Lease Receivables and Revenue

The City is the lessor in a contract with Verizon Wireless for the right to use land for a cell tower. The terms include fixed annual payments through November 2028 with an interest rate of 1.4%. The City has \$388,729 in outstanding lease receivable at September 30, 2022. During the fiscal year, the City recognized \$59,153 in lease revenue and \$0 in lease interest revenue. Due to the implementation of GASB Statement No. 87, *Leases*, the City recorded a restated beginning balance of \$447,882 in lease receivable and corresponding deferred inflows of resources for leases in the General Fund.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers consist of the following for the year ended September 30, 2022:

Fund	Transfers In	Transfers Out
General	\$ 700,923	\$ 1,273,000
Capital Projects	-	294,173
Sanitation	-	-
Water and Sewer	1,271,173	459,611
Marina	-	241,312
Nonmajor Special Revenue Funds	296,000	-
Total	\$ 2,268,096	\$ 2,268,096

The transfers into the General Fund were made by 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 Senior Center Fund to support the capital campaign and transferred funds to the Water and Sewer fund to support capital projects.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2022 was as follows:

	Beginning Balance 10/1/2021 *	Additions	Deletions	Transfers	Ending Balance 9/30/2022
Governmental Activities:					
Non-depreciated Assets:					
Land	\$ 592,072	\$ -	\$ -	\$ -	\$ 592,072
Construction in Progress	833,130	308,725	-	(794,500)	347,355
Depreciated and Amortized Assets:					
Buildings	10,828,026	-	-	-	10,828,026
Infrastructure and Improvements	21,016,325	593,174	(4,955)	794,500	22,399,044
Right-to-Use Lease Equipment	18,091	-	-	-	18,091
Equipment	6,209,030	341,818	(34,635)	-	6,516,213
Software	468,594	-	(6,250)	-	462,344
Total Capital Assets at Historical Cost	39,965,268	1,243,717	(45,840)	-	41,163,145
Less Accumulated Depreciation and Amortization for:					
Buildings	6,172,763	239,462	-	-	6,412,225
Infrastructure and Improvements	13,878,602	984,238	(4,955)	-	14,857,885
Right-to-Use Lease Equipment	-	3,618	-	-	3,618
Equipment	4,525,366	650,669	(34,635)	-	5,141,400
Software	430,887	17,830	(6,250)	-	442,467
Total Accumulated Depreciation and Amortization	25,007,618	1,895,817	(45,840)	-	26,857,595
Governmental Activities					
Capital Assets, Net	\$ 14,957,650	\$ (652,100)	\$ -	\$ -	\$ 14,305,550

* The beginning balance has been restated due to the effects of implementing GASB Statement No. 87, Leases.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

NOTE 5 - CAPITAL ASSETS *(Continued)*

	Beginning Balance 10/1/2021 *	Additions	Deletions	Transfers	Ending Balance 9/30/2022
Business-Type Activities:					
Non-depreciated Assets:					
Land	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Construction in Progress	6,165,747	3,155,893	-	(99,152)	9,222,488
Depreciated and Amortized Assets:					
Buildings	1,556,390	-	-	-	1,556,390
Infrastructure and Improvements	25,525,822	27,087	-	99,152	25,652,061
Equipment	4,622,156	43,455	(137,887)	-	4,527,724
Software	69,953	-	-	-	69,953
Total at Historical Cost	<u>37,960,068</u>	<u>3,226,435</u>	<u>(137,887)</u>	<u>-</u>	<u>41,048,616</u>
Less Accumulated Depreciation and Amortization for:					
Buildings	847,324	49,107	-	-	896,431
Infrastructure and Improvements	16,811,429	712,912	-	-	17,524,341
Equipment	2,924,105	512,359	(137,887)	-	3,298,577
Software	69,891	60	-	-	69,951
Total Accumulated Depreciation and Amortization	<u>20,652,749</u>	<u>1,274,438</u>	<u>(137,887)</u>	<u>-</u>	<u>21,789,300</u>
Business-Type Activities					
Capital Assets, Net	<u>\$ 17,307,319</u>	<u>\$ 1,951,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,259,316</u>

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

General Government	\$ 96,734
Public Safety	378,172
Leisure Services	439,469
Community Development/ Redevelopment	359,603
Public Works	621,839
	<u>\$ 1,895,817</u>

Depreciation and amortization were charged to business-type activities: \$339,450 to sanitation, \$621,052 to water and sewer, and \$313,936 to marina operations.

Governmental capital assets beginning balance was increased by \$18,091 for the right to use leased equipment as a result of implementing GASB Statement No. 87, *Leases*.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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 lease liability, financed purchases, 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 10/1/2021 *	Additions	Deletions	Balance 9/30/2022	Due in One Year
Governmental Activities:					
Compensated Absences	\$ 953,194	\$ 537,165	\$ (441,023)	\$ 1,049,336	\$ 364,854
Financed Purchase	82,269	-	(82,269)	-	-
Lease Liability	18,091	-	(2,908)	15,183	3,173
Net Pension Liability	357,145	7,636,473	(703,659)	7,289,959	-
Total OPEB Liability	834,495	-	(103,405)	731,090	-
	<u>\$ 2,245,194</u>	<u>\$ 8,173,638</u>	<u>\$ (1,333,264)</u>	<u>\$ 9,085,568</u>	<u>\$ 368,027</u>
Business-Type Activities:					
Compensated Absences	\$ 148,610	\$ 92,670	\$ (66,546)	\$ 174,734	\$ 61,537
Financed Purchase	384,085	-	(150,666)	233,419	150,666
Notes from Direct Borrowing	5,232,143	2,571,921	(253,134)	7,550,930	253,134
Net Pension Liability	-	640,241	-	640,241	-
Total OPEB Liability	174,708	-	(22,883)	151,825	-
	<u>\$ 5,939,546</u>	<u>\$ 3,304,832</u>	<u>\$ (493,229)</u>	<u>\$ 8,751,149</u>	<u>\$ 465,337</u>

* The beginning balance has been restated due to the effects of implementing GASB Statement No. 87, *Leases*.

Governmental activities compensated absences, total OPEB liability, and net pension liability will be liquidated in future periods primarily by the General Fund. Governmental long-term liabilities beginning balance was increased by \$18,091 for lease liability as a result of implementing GASB Statement No. 87, *Leases*.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, \$1,665,977; interest rate of 2.12%
- SSES Phase II Planning, \$599,162; interest rate of 1.05%
- SSES Phase I Construction, \$2,997,327; interest rate of 0.05%
- Lift Station 2 Force Main Extension and Lift Station Improvement, \$2,775,729, interest rate of 0.00%

SSES Phase I Planning and SSES Phase II Planning began repayment in FY20, SSES Phase I Construction began repayment in FY21. 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 2042. 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 \$8,276,547 less operating expenses of \$6,892,333 amount to net pledged revenues of \$1,384,214. The total principal and interest to be paid on the loan is \$7,897,663.

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

FY Ending	Principal	Interest
2023	\$ 393,785	\$ 37,139
2024	395,686	35,239
2025	397,622	33,303
2026	399,593	31,332
2027	401,604	29,321
2028-2032	2,039,535	115,087
2033-2037	2,095,856	58,766
2038-2042	1,427,249	6,546
	\$ 7,550,930	\$ 346,733

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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.

Financed Purchases

The City entered into master equipment financed purchase agreements with Regions Bank, and The Bancorp Bank to acquire police vehicles and sanitation equipment. The police vehicles were paid in full to The Bancorp during the fiscal year. The equipment's cost on a cumulative basis under these agreements is \$1,579,698. The interest rate for the remaining Regions Bank agreement is 2.60%. Future minimum lease payments are as follows:

FY Ending	Business-type Activities	
	Principal	Interest
2023	\$ 154,606	\$ 5,067
2024	78,813	1,024
	\$ 233,419	\$ 6,091

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.

Lease Liability

The City is the lessee of a Pitney Bowes Sendpro-P postage machine. The fixed quarterly payments are \$1,103 through September 2026 at an interest rate of 2.2%. The City's lease liability at September 30, 2022 is \$15,183. Future debt service payments at September 30 are as follows.

FY Ending	Principal		Interest	
2023	\$	3,173	\$	1,239
2024		3,463		949
2025		3,780		632
2026		4,767		249
	\$	15,183	\$	3,069

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

NOTE 8 - PENSION PLANS

Pension Plan Financial Statements

CITY OF GULFPORT, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2022

	General Employees' Pension	Police Officers' Pension	Firefighters' Pension	Total
ASSETS				
Cash and Cash Equivalents:				
Short Term Investments	\$ 100,952	\$ 704,646	\$ 172,880	\$ 978,478
Total Cash and Cash Equivalents	100,952	704,646	172,880	978,478
Receivables:				
City Contributions in Transit	65,082	74,680	41,612	181,374
Additional City Contribution	-	-	54,840	54,840
Investment Income	-	27,883	1,416	29,299
Due From Other Funds	-	-	15,305	15,305
Due From Government	-	-	633	633
Total Receivable	65,082	102,563	113,806	281,451
Prepaid Expenses	1,507	-	-	1,507
Investments, at Fair Value:				
U.S. Government Obligations	-	313,357	-	313,357
Asset-backed Securities	-	1,469,287	-	1,469,287
Stocks	-	1,721,941	1,085,815	2,807,756
Corporate Bonds	-	1,699,264	-	1,699,264
Mutual Funds:				
Equity	8,993,892	4,727,437	2,073,207	15,794,536
Real Estate	1,007,843	741,486	-	1,749,329
Fixed Income	6,508,237	-	2,197,739	8,705,976
Total Investments	16,509,972	10,672,772	5,356,761	32,539,505
Total Assets	16,677,513	11,479,981	5,643,447	33,800,941
LIABILITIES				
Prepaid City Contribution	34	24,761	-	24,795
Due to Other Funds	-	15,305	-	15,305
Accounts Payable	-	1,458	4,796	6,254
Total Liabilities	34	41,524	4,796	46,354
Net Position Restricted for Pension Benefits	\$ 16,677,479	\$ 11,438,457	\$ 5,638,651	\$ 33,754,587

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, 2022

	General Employees' Pension	Police Officers' Pension	Fire fighters' Pension	Total
ADDITIONS				
Contributions				
City	\$ 232,772	\$ 257,384	\$ 221,306	\$ 711,462
Member	120,862	192,989	70,536	384,387
State	-	110,180	114,790	224,970
Total Contributions	353,634	560,553	406,632	1,320,819
Investment Income (Loss)				
Net Increase (Decrease) in Fair Value of Investments	(4,360,063)	(2,831,202)	(1,500,413)	(8,691,678)
Interest & Dividends	1,063,827	346,529	176,644	1,587,000
Less: Investment Expense ¹	(35,684)	(58,918)	(31,893)	(126,495)
Net Investment Income (Loss)	(3,331,920)	(2,543,591)	(1,355,662)	(7,231,173)
Total Additions	(2,978,286)	(1,983,038)	(949,030)	(5,910,354)
DEDUCTIONS				
Distributions to Members:				
Benefit Payments	911,649	538,112	120,063	1,569,824
Lump Sum Distributions	-	129	-	129
Refunds of Member Contributions	10,176	101,236	11,183	122,595
Total Distributions	921,825	639,477	131,246	1,692,548
Administrative Expense	74,329	64,302	54,922	193,553
Total Deductions	996,154	703,779	186,168	1,886,101
Change in Net Position	(3,974,440)	(2,686,817)	(1,135,198)	(7,796,455)
Net Position - Beginning of Year	20,651,919	14,125,274	6,773,849	41,551,042
Net Position - End of Year	\$ 16,677,479	\$ 11,438,457	\$ 5,638,651	\$ 33,754,587

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, 2022

NOTE 8 - PENSION PLANS *(Continued)*

Plan Description *(Continued)*

Plan Membership as of October 1, 2021

	GEPP	PPP	FPP
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	81	21	23
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	95	11	8
Active Plan Members	87	30	18
	263	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, 2022

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: 3.32% 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:

Prior to vesting: Refund of Accumulated Member Contributions

Vested: Accrued Benefit payable for 10 years at the otherwise Early (reduced) or Normal Retirement Date.

Post Retirement Death Benefits:

Benefits payable to beneficiary in accordance with option selected at retirement.

Cost-Of-Living Adjustments:

Members who retire or terminate employment after April 21, 2009 receive 1.72% 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, 2022

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 \$232,772 to the GEPP, \$367,564 to the PPP, and \$336,095 to the FPP, including state contributions for the PPP and FPP. For the year ended September 30, 2022 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	5.20%	10.70%	11.80%

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

NOTE 8 - PENSION PLANS *(Continued)*

Investments

Investment Policy. The following was the Board's adopted asset allocation policy as of September 30, 2022:

	<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, 2022 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
-16.40%	-18.18%	-20.04%

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

Net Pension Liability (Asset) and Actuarial Assumptions

The City's aggregate net pension liability is \$7,930,200. The components of the City's net pension liability of the Plans as of September 30, 2022 were as follows:

	GEPP	PPP	FPP
Total Pension Liability	\$ 18,428,817	\$ 14,971,878	\$ 8,284,093
Plan Fiduciary Net Position	16,677,480	11,438,457	5,638,651
City's Net Pension Liability (Asset)	\$ 1,751,337	\$ 3,533,421	\$ 2,645,442

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.50%	76.40%	68.07%
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CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

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, 2021 updated to September 30, 2022 using the following actuarial assumptions applied to all measurement periods.

	GEPP	PPP	FPP
Inflation	2.50%	2.50%	3.00%
Salary Increases	Service based	Service based	Service based
Discount Rate	6.80%	7.15%	7.10%
Investment Rate of Return	6.80%	7.15%	7.10%

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, 2022

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, 2022 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, 2022

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
	5.80%	6.80%	7.80%
Net Pension			
Liability (Asset)	\$ 3,916,577	\$ 1,751,337	\$ (66,682)

	<u>PPP</u>		
	1% Decrease	Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension			
Liability (Asset)	\$ 5,502,560	\$ 3,533,421	\$ 1,900,514

	<u>FPP</u>		
	1% Decrease	Discount Rate	1% Increase
	6.10%	7.10%	8.10%
Net Pension			
Liability (Asset)	\$ 3,812,047	\$ 2,645,442	\$ 1,685,400

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, 2022.

	GEPP	PPP	FPP	Total
Total Pension Liability				
Service Cost	\$ 338,985	\$ 414,657	\$ 264,286	\$ 1,017,928
Interest	1,199,052	1,022,510	547,333	2,768,895
Change in Excess State Monies	-	-	11,479	11,479
Share Plan Allocation	-	12,947	8,614	21,561
Change in Benefit Terms	237,022	-	259,497	496,519
Difference Between Actual and Expected Experience	39,783	54,274	3,881	97,938
Change of Assumptions	521,579	(98,958)	269,907	692,528
Benefit Payments	(921,826)	(639,477)	(131,247)	(1,692,550)
Net Change in Total Pension Liability	1,414,595	765,953	1,233,750	3,414,298
Total Pension Liability - Beginning	17,014,222	14,205,925	7,050,343	38,270,490
Total Pension Liability - Ending (a)	<u>\$ 18,428,817</u>	<u>\$ 14,971,878</u>	<u>\$ 8,284,093</u>	<u>\$ 41,684,788</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 232,772	\$ 257,384	\$ 221,305	\$ 711,461
Contributions - State	-	110,180	114,790	224,970
Contributions - Member	120,862	192,989	70,536	384,387
Net Investment Income	(3,332,047)	(2,543,590)	(1,355,661)	(7,231,298)
Benefit Payments, including Refunds of Contributions	(921,826)	(639,477)	(131,247)	(1,692,550)
Administrative Expense	(74,330)	(64,303)	(54,921)	(193,554)
Net Change in Plan Fiduciary Net Position	(3,974,569)	(2,686,817)	(1,135,198)	(7,796,584)
Plan Fiduciary Net Position - Beginning	20,652,049	14,125,274	6,773,849	41,551,172
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,677,480</u>	<u>\$ 11,438,457</u>	<u>\$ 5,638,651</u>	<u>\$ 33,754,588</u>
Net Pension Liability (Asset) (a) - (b)	<u>\$ 1,751,337</u>	<u>\$ 3,533,421</u>	<u>\$ 2,645,442</u>	<u>\$ 7,930,200</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

NOTE 8 - PENSION PLANS (Continued)

For the year ended September 30, 2022, the City recognized pension expense of \$2,739,437, (\$687,613 related to the PPP, \$970,168 related to the FPP and \$1,081,656 related to the GEPP).

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	GEPP	
	Deferred Outflows	(Deferred Inflows)
Difference between expected and actual experience	92,881	-
Difference for change in assumptions	570,292	(62,738)
Net difference between projected and actual earnings on plan investments	2,335,342	-
	PPP	
	Deferred Outflows (Deferred Inflows)	
Difference between expected and actual experience	68,615	(177,587)
Difference for change in assumptions	292,710	(144,181)
Net difference between projected and actual earnings on plan investments	2,024,213	-
	FPP	
	Deferred Outflows (Deferred Inflows)	
Difference between expected and actual experience	62,894	-
Difference for change in assumptions	267,732	-
Net difference between projected and actual earnings on plan investments	1,094,920	-
Total All Plans	\$ 6,809,599	\$ (384,506)

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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
2023	\$ 814,586	\$ 374,615	\$ 418,973	\$ 1,608,174
2024	741,985	549,490	387,119	1,678,594
2025	428,166	429,980	247,814	1,105,960
2026	951,040	709,685	371,640	2,032,365
	\$ 2,935,777	\$ 2,063,770	\$ 1,425,546	\$ 6,425,093

Payable to the Pension Plans

On September 30, 2022, the City reported a payable of \$54,841 for the outstanding amount of contributions to the fire pension plan required for the year ended September 30, 2022.

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, 2022, the City recognized pension expense of \$76,596. Employer contributions and earnings on those contributions are immediately 100% vested; therefore, there are no forfeitures.

NOTE 10 – OTHER POST RETIREMENT PLANS

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, 2022

NOTE 10 – OTHER POST RETIREMENT PLANS *(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, 2022

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, 2022, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently	
Receiving Benefits	2
Active Employees	142
	144

Total OPEB Liability and Changes in Total OPEB Liability

The measurement date for the City's total OPEB liability was September 30, 2022. The measurement period for OPEB cost was October 1, 2021 to September 30, 2022. The components of the City's net OPEB liability are as follows:

Total OPEB Liability	\$ 882,915
OPEB Plan Fiduciary Net Position	-
City's Net OPEB Liability	\$ 882,915
OPEB Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.0%

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

	Fiscal Year
<u>Total OPEB Liability</u>	<u>2022</u>
Service Cost	\$ 59,203
Interest	25,580
Difference between Expected and Actual Experience	(188,372)
Benefit Payments	(22,699)
Net Change in Total OPEB Liability	(126,288)
Total OPEB Liability, Beginning	1,009,203
Total OPEB Liability, Ending	\$ 882,915

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

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, 2022 was based on an actuarial valuation dated October 1, 2021 rolled forward to September 30, 2022, using the following actuarial assumptions:

Inflation	3.0% per annum
Discount Rate	4.02%
Salary Increases	2.5% per annum
Mortality Rates	RP-2014 mortality table with MP-2019 projection
Healthcare Trend Rate	Trend starting at 5.3% with .1% decrease per year to final rate of 3.9%

Sensitivity of OPEB liability to healthcare cost trend rate

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 772,463	\$ 882,915	\$ 1,019,651

Discount Rate and OPEB Liability Sensitivity to Discount Rate

The discount rate used to measure the total OPEB liability reported as of September 30, 2022 was 4.02%. 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
Total OPEB Liability	\$ 1,013,704	\$ 882,915	\$ 776,801

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

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, 2022, the City recognized OPEB expense of \$79,904. At September 30, 2022, 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	\$ 223,634	\$ 185,790
Change of Assumptions and Other Inputs	3,358	-
	\$ 226,992	\$ 185,790

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
2023	\$ (4,879)
2024	(4,879)
2025	(4,879)
2026	(4,879)
2027	(4,879)
Thereafter	65,597
	\$ 41,202

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 \$4,162,586 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, 2022

NOTE 12 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Encumbrances

At September 30, 2022, the City has outstanding encumbrances in several funds reported within appropriate fund as follows:

	<u>Amount</u>
<u>Major Funds:</u>	
General Fund	\$ 2,603,573
Capital Projects Fund	185,085
Water and Sewer	773,025
Marina	142,489
<u>Nonmajor Funds:</u>	
Senior Center Fund	46,980
Waterfront Redevelopment District	<u>5,050</u>
	<u><u>\$ 3,756,202</u></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. As a result of receiving Coronavirus State and Local Fiscal Recovery Funds in FY22 the City met the requirements for an alternative compliance examination engagement for recipients that would otherwise be required to undergo a single audit or program-specific audit. The *Independent Accountants' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements* is attached hereto.

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, 2022, the City has significant construction commitments totaling \$191,313 for beach playgrounds, \$281,803 for pickleball courts, \$722,094 as part of the Lift Station 2 Force Main Extension and Lift Station Improvement project in the Water and Sewer Fund, and \$127,055 for the Dry Storage project at the Marina.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2022

NOTE 12 – COMMITMENTS AND CONTINGENCIES *(Continued)*

Contingency

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) pandemic that had significant economic effects on the City. 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 City's planned use of ARPA funds included the standard allowance for revenue loss replacement. The City reported the entire amount for revenue loss replacement to the U.S. Treasury during fiscal year 2022.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

NOTE 13 – COMMUNITY REDEVELOPMENT AGENCY (“CRA”)

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

**CITY OF GULFPORT, FLORIDA
GOVERNMENTAL BALANCE SHEET
COMMUNITY REDEVELOPMENT AGENCY
September 30, 2022**

	49th Street Redevelopment District	Waterfront Redevelopment District
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 12,089	\$ 905,903
Prepays	-	838
Total Assets	<u>\$ 12,089</u>	<u>\$ 906,741</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 18,634
Accrued Liabilities	126	43
Total Liabilities	<u>126</u>	<u>18,677</u>
FUND BALANCES		
Nonspendable Prepaid Items	-	838
Restricted for Waterfront Redevelopment	-	265,161
Assigned for 49th Street Redevelopment	11,963	-
Assigned for Beach Renourishment	-	100,000
Assigned for Williams Pier	-	50,000
Assigned for Waterfront Redevelopment	-	472,065
Total Fund Balances	<u>11,963</u>	<u>888,064</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,089</u>	<u>\$ 906,741</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

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, 2022

	49th Street Redevelopment District	Waterfront Redevelopment District
REVENUES		
Taxes	\$ -	\$ 460,305
Miscellaneous Revenues	-	2,826
Total Revenues	<u>-</u>	<u>463,131</u>
EXPENDITURES		
Current:		
Community Development/Redevelopment	-	286,124
Total Expenditures	<u>-</u>	<u>286,124</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>177,007</u>
Fund Balances - Beginning	<u>11,963</u>	<u>711,057</u>
Fund Balances - Ending	<u>\$ 11,963</u>	<u>\$ 888,064</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2022

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2022, The City implemented GASB Statement No. 87, Leases, which resulted in a change in accounting principle for reporting certain leasing transactions including recognition of right-to-use intangible assets. Lease receivables, lease liabilities and deferred inflows of resources in the government-wide and governmental funds financial statements. The effect of this change in accounting resulted in a restatement of the City’s assets and liabilities and deferred inflows; however, it did not result in a change to beginning net position or fund balance.

<u>Elements of Restatement:</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position, September 30, 2021 as previously reported	\$ 18,548,532	\$ 15,226,402	\$ 33,774,934
Right-to-use lease assets	18,091	-	18,091
Lease liability	(18,091)	-	(18,091)
Lease receivable	447,882	-	447,882
Deferred inflows for leases	(447,882)	-	(447,882)
<u>Net position, September 30, 2021, restated</u>	<u>\$ 18,548,532</u>	<u>\$ 15,226,402</u>	<u>\$ 33,774,934</u>

Required Supplementary Information

This financial statement section provides the following schedules:

Budgetary comparison schedule for *Major Fund*

- General Fund

Schedules for Employee Retirement Plans

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

Schedules for Employee Other Postemployment Benefits Plan

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

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 7,474,430	\$ 7,474,430	\$ 7,475,989	\$ 1,559
Permits and Fees	687,741	687,741	773,003	85,262
Intergovernmental Revenues	2,488,910	7,388,624	9,154,531	1,765,907
Charges for Services	3,066,888	3,224,583	3,181,855	(42,728)
Fines and Forfeitures	77,476	77,476	(75,478)	(152,954)
Investment Income	17,000	17,000	25,738	8,738
Miscellaneous Revenues	366,924	366,924	355,574	(11,350)
Total Revenues	<u>14,179,369</u>	<u>19,236,778</u>	<u>20,891,212</u>	<u>1,654,434</u>
EXPENDITURES				
General Government				
Legislative	440,905	446,459	405,044	(41,415)
Legal	100,000	125,630	125,630	-
Executive	332,188	579,613	556,819	(22,794)
Financial	779,592	782,592	738,287	(44,305)
Information Technology	278,780	358,156	321,438	(36,718)
Total	<u>1,931,465</u>	<u>2,292,450</u>	<u>2,147,218</u>	<u>(145,232)</u>
Public Safety				
Fire	2,188,547	3,188,570	2,350,361	(838,209)
Police	4,297,139	4,397,181	4,079,139	(318,042)
Total	<u>6,485,686</u>	<u>7,585,751</u>	<u>6,429,500</u>	<u>(1,156,251)</u>
Recreation				
Library	838,657	846,687	829,845	(16,842)
Office of Director	87,505	87,505	80,709	(6,796)
Elderly Mobility Service	158,537	185,665	154,809	(30,856)
Recreation Center	868,412	1,113,641	799,042	(314,599)
Casino	512,680	512,843	442,472	(70,371)
Theater	222,244	222,244	195,143	(27,101)
Parks	903,475	1,408,593	1,124,368	(284,225)
Senior Center	292,728	292,728	252,556	(40,172)
Total	<u>3,884,238</u>	<u>4,669,906</u>	<u>3,878,944</u>	<u>(790,962)</u>
Community Development				
Planning & Development	336,323	333,823	289,700	(44,123)
Building Inspections	911,807	879,214	637,728	(241,486)
Total	<u>1,248,130</u>	<u>1,213,037</u>	<u>927,428</u>	<u>(285,609)</u>

Continued

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE - Continued
GENERAL FUND
For the Year Ended September 30, 2022

	<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>		
EXPENDITURES (Continued)				
Public Works				
Building Maintenance	\$ 264,719	\$ 306,873	\$ 306,873	\$ -
Central Garage	842,096	696,608	666,970	(29,638)
Office of Director	179,063	176,563	160,237	(16,326)
Streets	671,263	750,699	735,698	(15,001)
Other Public Works	-	1,292,345	260,867	(1,031,478)
Total	<u>1,957,141</u>	<u>3,223,088</u>	<u>2,130,645</u>	<u>(1,092,443)</u>
Debt Service				
Principal	-	-	2,908	2,908
Interest	-	-	1,504	1,504
Total	<u>-</u>	<u>-</u>	<u>4,412</u>	<u>4,412</u>
Total Expenditures	<u>15,506,660</u>	<u>18,984,232</u>	<u>15,518,147</u>	<u>(3,466,085)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(1,327,291)</u>	<u>252,546</u>	<u>5,373,065</u>	<u>5,120,519</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers In	971,600	700,923	700,923	-
Transfers (Out)	-	(1,273,000)	(1,273,000)	-
Total Other Financing Sources and (Uses)	<u>971,600</u>	<u>(572,077)</u>	<u>(572,077)</u>	<u>-</u>
Net Change in Fund Balance	<u>(355,691)</u>	<u>(319,531)</u>	<u>4,800,988</u>	<u>5,120,519</u>
Fund Balance - Beginning	<u>4,600,399</u>	<u>4,600,399</u>	<u>4,600,399</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,244,708</u>	<u>\$ 4,280,868</u>	<u>\$ 9,401,387</u>	<u>\$ 5,120,519</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>9/30/2022</u>	<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	\$ 414,657	\$ 388,613	\$ 391,676	\$ 389,379	\$ 351,591
Interest	1,022,510	965,942	954,620	931,787	849,234
Share Plan Allocation	12,947	8,915	8,862	10,804	8,757
Changes of Benefit Terms	-	-	-	129,476	-
Differences Between Expected and Actual Experience	54,274	55,814	(361,584)	(435,954)	280,707
Changes of Assumptions	(98,958)	585,420	(279,845)	-	-
Contributions - Buy Back	-	-	-	-	15,940
Benefit Payments, Including Refunds of Employee Contributions	<u>(639,477)</u>	<u>(578,786)</u>	<u>(540,625)</u>	<u>(647,121)</u>	<u>(498,444)</u>
Net Change in Total Pension Liability	765,953	1,425,918	173,104	378,371	1,007,785
Total Pension Liability - Beginning	<u>14,205,925</u>	<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>\$ 14,971,878</u>	<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	\$ 257,384	\$ 276,260	\$ 299,758	\$ 345,305	\$ 286,047
Contributions - State	110,180	102,117	102,009	105,893	101,801
Contributions - Employee	192,989	182,450	178,594	177,043	172,314
Contributions - Buy Back	-	-	-	-	15,940
Net Investment Income	(2,543,590)	2,237,195	1,024,708	427,723	753,861
Benefit Payments, Including Refunds of Employee Contributions	(639,477)	(578,786)	(540,625)	(647,121)	(498,444)
Administrative Expense	<u>(64,303)</u>	<u>(59,835)</u>	<u>(43,030)</u>	<u>(43,366)</u>	<u>(51,060)</u>
Net Change in Plan Fiduciary Net Position	(2,686,817)	2,159,401	1,021,414	365,477	780,459
Plan Fiduciary Net Position - Beginning	<u>14,125,274</u>	<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>\$ 11,438,457</u>	<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>\$ 3,533,421</u>	<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	76.40%	99.43%	93.63%	86.81%	86.51%
Covered payroll	\$ 2,412,361	\$ 2,280,629	\$ 2,232,422	\$ 2,213,041	\$ 2,153,923
Net Pension Liability as a Percentage of Covered payroll	146.47%	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><u>\$ 11,220,747</u></u>	<u><u>\$ 10,268,416</u></u>	<u><u>\$ 9,294,936</u></u>	<u><u>\$ 9,089,781</u></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><u>\$ 9,798,523</u></u>	<u><u>\$ 8,957,070</u></u>	<u><u>\$ 8,421,235</u></u>	<u><u>\$ 8,481,276</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 1,422,224</u></u>	<u><u>\$ 1,311,346</u></u>	<u><u>\$ 873,701</u></u>	<u><u>\$ 608,505</u></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 nine fiscal years.

Changes of benefit terms:

For measurement date 09/30/2022, the Board approved the following assumption changes based on the April 15, 2022 actuarial experience study:

1. Salary Increases – Moved to a service-based table from a flat 5.5% per year.
2. Withdrawal Rates – Updated to a service-based table from an age-based table.

PRIOR YEAR NOTES TO SCHEDULE:

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.

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

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>9/30/2022</u>	<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	\$ 264,286	\$ 245,210	\$ 153,866	\$ 140,184	\$ 149,429
Interest	547,333	473,233	398,726	363,586	364,329
Change in Excess State Money	11,479	10,796	8,800	8,074	8,474
Share Plan Allocation	8,614	12,865	9,869	3,656	8,882
Changes of Benefit Terms	259,497	544,901	164,956	(83,212)	37,711
Differences Between Expected and Actual Experience	3,881	120,611	(10,260)	(106,460)	(173,374)
Changes of Assumptions	269,907	175,586	(81,804)	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(131,247)</u>	<u>(122,642)</u>	<u>(119,932)</u>	<u>(119,171)</u>	<u>(117,392)</u>
Net Change in Total Pension Liability	1,233,750	1,460,560	524,221	206,657	278,059
Total Pension Liability - Beginning	<u>7,050,343</u>	<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>\$ 8,284,093</u>	<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	221,305	\$ 132,717	\$ 122,823	\$ 114,388	\$ 92,253
Contributions - State	114,790	107,963	87,999	80,741	84,737
Contributions - Employee	70,536	63,829	59,306	47,025	44,590
Net Investment Income	(1,355,661)	1,043,412	506,717	195,599	294,169
Benefit Payments, Including Refunds of Employee Contributions	(131,247)	(122,642)	(119,932)	(119,171)	(117,392)
Administrative Expense	(54,921)	(35,194)	(40,830)	(42,016)	(40,958)
Net Change in Plan Fiduciary Net Position	(1,135,198)	1,190,085	616,083	276,566	357,399
Plan Fiduciary Net Position - Beginning	<u>6,773,849</u>	<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>\$ 5,638,651</u>	<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>\$2,645,442</u>	<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	68.07%	96.08%	99.89%	98.07%	96.55%
Covered payroll	\$ 1,410,724	\$ 1,276,582	\$ 1,186,130	\$ 940,505	\$ 891,807
Net Pension Liability as a Percentage of Covered payroll	187.52%	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

	9/30/2017	9/30/2016	9/30/2015	9/30/2014
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	(117,165)	(122,139)	(153,677)	(124,928)
Net Change in Total Pension Liability	(157,749)	409,446	372,537	502,329
Total Pension Liability - Beginning	4,738,595	4,329,149	3,956,612	3,454,283
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	(43,038)	(29,214)	(36,745)	(23,058)
Net Change in Plan Fiduciary Net Position	576,289	378,795	60,989	459,010
Plan Fiduciary Net Position - Beginning	3,757,427	3,378,632	3,317,643	2,858,633
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 nine fiscal years.

Changes of Benefit Terms:

For measurement date 09/30/2022, 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 3.25% to 3.32% 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 1.38% per year to 1.72%.

Additionally, Ordinance No. 2022-09 was adopted on November 1, 2022 to provide the following changes:

1. Amend the definition of Salary to add necessary language to clarify the determination period for maximum annual compensation for members who leave the service of the City with less than 12 months of service completed during a fiscal year.
2. Amend the Finance and Fund Management terms to broaden the permissible investment restrictions.
3. Amend the pre-retirement death benefit to provide the minimum 10-year benefit required by Florida Statutes.

Changes of Assumptions:

For measurement date 09/30/2022, the Board approved the following assumption changes based on the April 15, 2022 actuarial experience study:

1. Investment Return – Reduced from 7.30% to 7.10% per year, net of investment related expenses.
2. Salary Increases – Amended to be 7.0% in the first year of employment and 4.25% in each additional year of employment.

PRIOR YEAR NOTES TO SCHEDULE:

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%.

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):

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.

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%.

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):

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

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

Changes of Assumptions:

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

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>9/30/2022</u>	<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	\$ 338,985	\$ 302,347	\$ 283,925	\$ 271,856	\$ 233,428
Interest	1,199,052	1,144,487	1,117,006	1,089,995	1,040,024
Changes of benefit terms	237,022	-	-	-	-
Differences Between Expected and Actual Experience	39,783	91,833	81,772	(186,030)	147,269
Changes of Assumptions	521,579	445,144	(250,952)	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(921,826)</u>	<u>(906,534)</u>	<u>(835,728)</u>	<u>(794,927)</u>	<u>(744,843)</u>
Net Change in Total Pension Liability	1,414,595	1,077,277	396,023	380,894	675,878
Total Pension Liability - Beginning	<u>17,014,222</u>	<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>\$ 18,428,817</u>	<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	\$ 232,772	\$ 209,393	\$ 197,990	\$ 184,593	\$ 164,641
Contributions - Employee	120,862	106,672	99,048	92,296	89,157
Net Investment Income	(3,332,047)	3,855,559	1,234,357	619,714	1,330,123
Benefit Payments, Including Refunds of Employee Contributions	(921,826)	(906,534)	(835,728)	(794,927)	(744,843)
Administrative Expense	<u>(74,330)</u>	<u>(56,215)</u>	<u>(54,033)</u>	<u>(61,631)</u>	<u>(56,105)</u>
Net Change in Plan Fiduciary Net Position	(3,974,569)	3,208,875	641,634	40,045	782,973
Plan Fiduciary Net Position - Beginning	<u>20,652,049</u>	<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>\$ 16,677,480</u>	<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>\$ 1,751,337</u>	<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 Covered payroll	90.50%	121.38%	109.45%	108.11%	110.56%
Net Pension Asset as a Percentage of Covered payroll	\$4,476,379	\$ 3,950,807	\$ 3,668,429	\$ 3,418,372	\$ 3,302,099
	39.12%	-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 nine fiscal years.

Changes of benefit terms:

For measurement date 09/30/2022, amounts reported as changes of benefit terms resulted from Ordinance No. 2022-02 and provided for the following benefit change:

Effective retroactively to October 1, 2021, the monthly benefit being received by all Retirees, joint pensioners or beneficiaries (including terminated vested persons) who were receiving a benefit on October 1, 2020 shall be increased by three percent (3%). This is a one-time increase in these benefits

Changes of Assumptions:

For measurement date 09/30/2022, based on the results of the April 15, 2022 Actuarial Experience Study, the following assumption changes are incorporated:

1. Investment Return – Reduced from 7.00% to 6.80% per year, net of investment related expenses.
2. Early Retirement Rates – Increased from 0.0% to 5.0% per year.
3. Normal Retirement Rates – Amended for ages 63 – 69.
4. Withdrawal Rates – Reduced for those with 1 year of Credited Service.

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

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%.

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

PRIOR YEAR NOTES TO SCHEDULE (continued):

Changes of Assumptions (continued):

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

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a percentage of Covered Payroll</u>
9/30/2022	\$ 354,617	\$ 354,617	\$ -	\$ 2,412,361	14.70%
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 2022. Subsequent years will be added as available.

Valuation Date: 10/1/2020

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

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Mortality Rate:

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. 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.
- Salary Increases: 5.5% per year until the assumed retirement age. This assumption was lowered as a result of our July 2017 experience study. Projected salary at retirement is increased 20% to account for non-regular compensation.
- Payroll Growth: 1.80% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.
- Administrative Expenses: \$43,198 annually, based on the average of actual expenses incurred in the prior two fiscal years.
- 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.
- Termination Rates: See table below of sample rates (150% of 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.
- 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.
- Funding Method: Entry Age Actuarial Cost Method.
- Amortization Method: New UAAL amortization bases are amortized over the following amortization periods:
Experience 20 Years.
Assumption/Method Changes: 20 Years.
Benefit Changes: 30 Years.
- Actuarial Asset Method: All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Age	% Becoming Disabled During the Year	% Terminating During the Year	Current Salary as a % of Salary at Age 53
20	0.03%	14.0%	17.1%
30	0.04%	11.8%	29.2%
40	0.07%	6.4%	49.9%
50	0.18%	1.7%	85.2%

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

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a percentage of Covered Payroll</u>
9/30/2022	\$ 316,002	\$ 316,002	\$ -	\$ 1,410,724	22.40%
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 2022. Subsequent years will be added as available.

Valuation Date: 10/01/2020 (AIS 01/11/2022)

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: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives:

Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disable retirees/20% PubS.H-20210 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

We feel this assumption sufficiently accommodates future mortality improvements.

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.

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):

Salary Increases:	Salary Scale																
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Service</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0-4</td> <td style="text-align: center;">7.0%</td> </tr> <tr> <td style="text-align: center;">5-9</td> <td style="text-align: center;">5.5%</td> </tr> <tr> <td style="text-align: center;">10+</td> <td style="text-align: center;">4.5%</td> </tr> </tbody> </table>	Service	Rate	0-4	7.0%	5-9	5.5%	10+	4.5%								
Service	Rate																
0-4	7.0%																
5-9	5.5%																
10+	4.5%																
Payroll Growth:	3.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth in compliance with Part VII of Chapter 112, Florida Statutes.																
Administrative Expenses:	\$41,423 annually, based on the average of actual expenses incurred in the prior two fiscal years.																
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.																
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.																
Termination Rates:	See sample rates below. This assumption was covered in our July 20, 2017 Actuarial Experience Study and continues to be our best estimate of future experience.																
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">% Terminating During the Year</th> </tr> <tr> <th style="text-align: center;">Age</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">12.0%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">10.0%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">5.2%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">1.6%</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">0.4%</td> </tr> <tr> <td style="text-align: center;">70</td> <td style="text-align: center;">0.4%</td> </tr> </tbody> </table>	% Terminating During the Year		Age	Rate	20	12.0%	30	10.0%	40	5.2%	50	1.6%	60	0.4%	70	0.4%
% Terminating During the Year																	
Age	Rate																
20	12.0%																
30	10.0%																
40	5.2%																
50	1.6%																
60	0.4%																
70	0.4%																
Disability Rates:	See sample rates below. It is assumed that 90% of disablements are service related. This assumption was developed from those used by other plans containing Florida Municipal Firefighters.																
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">% Becoming Disabled During the Year</th> </tr> <tr> <th style="text-align: center;">Age</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">0.03%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">0.04%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">0.07%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">0.18%</td> </tr> <tr> <td style="text-align: center;">60</td> <td style="text-align: center;">0.90%</td> </tr> <tr> <td style="text-align: center;">65+</td> <td style="text-align: center;">2.22%</td> </tr> </tbody> </table>	% Becoming Disabled During the Year		Age	Rate	20	0.03%	30	0.04%	40	0.07%	50	0.18%	60	0.90%	65+	2.22%
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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):

Cost-of-Living (COLA):	0.38% (Previously 0.02%) automatic increases from age 55 to 65 for all retirees and beneficiaries.
Funding Method:	Entry Age Actuarial Cost Method.
Amortization Method:	New UAAL amortization bases will be amortized over 20 years.
Asset Valuation Method:	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

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
9/30/2022	\$ 232,772	\$ 232,772	\$ -	\$ 4,476,379	5.20%
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 2022. Subsequent years will be added as available.

Valuation Date: 10/1/2020

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: PubG.H-2010 for Employees.

Male: PubG.H-2010 (Below Median) for Employees, set back one year.

Healthy Retiree Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

Disabled Lives:

PubG.H-2010 for Disabled Retirees, set forward three years.

All rates are projected generationally with Mortality Improvement Scale MP-2018. 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):

Interest Rates: 7.25% 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: 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	1.5%
15+	3.5%

Payroll Growth: 0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Administrative Expenses: \$57,832 annually, based on the average of actual expenses incurred in the prior two fiscal years.

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.

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%

Funding Method: Entry Age Normal Method.

Amortization Method: New UAAL amortization bases are amortized over the following amortization periods:

Experience: 10 Years.

Assumption/Method Changes: 20 Years.

Benefit Changes: 20 Years.

Actuarial Asset Method: All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

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>
2022	16.40%	-20.4%	-18.18%
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 nine fiscal years.

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

	09/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability					
Service cost	\$ 59,203	\$ 59,286	\$ 54,432	\$ 43,499	\$ 46,052
Interest	25,580	22,373	23,641	21,291	20,112
Difference between expected and actual experience	(188,372)	(3,347)	282,485	(23,146)	(803)
Change of assumptions and other inputs	-	-	-	4,578	-
Benefit payments	(22,699)	(22,154)	(22,154)	(33,000)	(32,919)
Net change in total OPEB liability	(126,288)	56,158	338,404	13,222	32,442
Total OPEB liability - beginning	1,009,203	953,045	614,641	601,419	568,977
Total OPEB liability - ending	<u>\$ 882,915</u>	<u>\$ 1,009,203</u>	<u>\$ 953,045</u>	<u>\$ 614,641</u>	<u>\$ 601,419</u>
Covered-employee payroll	\$ 9,692,393	\$ 8,703,580	\$ 8,249,747	\$ 7,771,070	\$ 7,564,210
Total OPEB liability as a percentage of covered-employee payroll	9.11%	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 4.02% in current year from 2.26% in prior year.

PRIOR YEAR NOTES TO SCHEDULE:

Changes of Assumptions:

For measurement date 09/30/2021: The discount rate changed to 2.26% in current year from 2.21% in prior year.

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

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Other Supplementary Information

This financial statement section provides the following schedules:

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

Budgetary comparison schedules for

Major Fund

- Capital Projects Fund

Nonmajor Funds

- Waterfront Redevelopment District
- Senior Center Fund

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Taxes	\$ 1,394,885	\$ 1,786,017	\$ 391,132
Permits and Fees	-	20,837	20,837
Miscellaneous Revenues	20,362	21,362	1,000
Total Revenues	<u>1,415,247</u>	<u>1,828,216</u>	<u>412,969</u>
EXPENDITURES			
General Government			
Capital Outlay	176,540	46,149	(130,391)
Public Safety			
Capital Outlay	269,247	214,970	(54,277)
Public Works			
Capital Outlay	452,362	441,909	(10,453)
Recreation			
Capital Outlay	150,411	18,229	(132,182)
Debt Service			
Principal	82,272	82,269	(3)
Interest	1,372	1,371	(1)
Total Expenditures	<u>1,132,204</u>	<u>804,897</u>	<u>(327,307)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>283,043</u>	<u>1,023,319</u>	<u>740,276</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers (Out)	(294,173)	(294,173)	-
Total Other Financing Sources and (Uses)	<u>(294,173)</u>	<u>(294,173)</u>	<u>-</u>
Net Change in Fund Balance	(11,130)	729,146	740,276
Fund Balance - Beginning	<u>322,763</u>	<u>322,763</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 311,633</u>	<u>\$ 1,051,909</u>	<u>\$ 740,276</u>

CITY OF GULFPORT, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

Special Revenue Funds

	49th Street Redevelopment District	Law Enforcement Trust	Library Fund	Waterfront Redevelopment District	Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Senior Center Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 12,089	\$ 2,000	\$ 45,832	\$ 905,903	\$ 965,824	\$ 86,753	\$ 1,052,577
Accounts Receivable (net)	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid Items	-	-	-	838	838	24,000	24,838
Total Assets	12,089	2,000	45,832	906,741	966,662	110,753	1,077,415
LIABILITIES							
Accounts Payable	-	-	-	18,634	18,634	8,567	27,201
Accrued Liabilities	126	-	-	43	169	-	169
Total Liabilities	126	-	-	18,677	18,803	8,567	27,370
FUND BALANCES							
Nonspendable Prepaid Items	-	-	-	838	838	24,000	24,838
Nonspendable Inventories	-	-	-	-	-	-	-
Restricted for Library	-	-	45,832	-	45,832	-	45,832
Restricted for Law Enforcement	-	2,000	-	-	2,000	-	2,000
Restricted for Donor Provisions	-	-	-	-	-	78,186	78,186
Restricted for Waterfront Redevelopment	-	-	-	265,161	265,161	-	265,161
Assigned for 49th Street Redevelopment	11,963	-	-	-	11,963	-	11,963
Assigned for Beach Renourishment	-	-	-	100,000	100,000	-	100,000
Assigned for Williams Pier	-	-	-	50,000	50,000	-	50,000
Assigned for Other Waterfront Redevelopment	-	-	-	472,065	472,065	-	472,065
Total Fund Balances	11,963	2,000	45,832	888,064	947,859	102,186	1,050,045
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 12,089	\$ 2,000	\$ 45,832	\$ 906,741	\$ 966,662	\$ 110,753	\$ 1,077,415

CITY OF GULFPORT, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2022

Special Revenue Funds

	49th Street Redevelopment District	Law Enforcement Trust	Library Fund	Waterfront Redevelopment District	Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Senior Center Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 460,305	\$ 460,305	\$ -	\$ 460,305
Permits and Fees	-	-	-	-	-	-	-
Intergovernmental Revenues	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	2,826	2,826	25,189	28,015
Total Revenues	-	-	-	463,131	463,131	25,189	488,320
EXPENDITURES							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	235,923	235,923
Community Development/ Redevelopment	-	-	-	286,124	286,124	-	286,124
Public Works	-	-	-	-	-	-	-
Total Expenditures	-	-	-	286,124	286,124	235,923	522,047
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	177,007	177,007	(210,734)	(33,727)
OTHER FINANCING SOURCES AND (USES)							
Transfers In	-	-	-	-	-	296,000	296,000
Transfers (Out)	-	-	-	-	-	-	-
Total Other Financing Sources And (Uses)	-	-	-	-	-	296,000	296,000
Net Change in Fund Balances	-	-	-	177,007	177,007	85,266	262,273
Fund Balances - Beginning	11,963	2,000	45,832	711,057	770,852	16,920	787,772
Fund Balances - Ending	\$ 11,963	\$ 2,000	\$ 45,832	\$ 888,064	\$ 947,859	\$ 102,186	\$ 1,050,045

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
WATERFRONT REDEVELOPMENT DISTRICT
For the Year Ended September 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Budget - Over (Under)
REVENUES			
Taxes	\$ 467,319	\$ 460,305	\$ (7,014)
Miscellaneous Revenues	-	2,826	2,826
Total Revenues	<u>467,319</u>	<u>463,131</u>	<u>(4,188)</u>
EXPENDITURES			
Community Development/Redevelopment			
Operating	350,708	244,782	(105,926)
Capital Outlay	125,111	41,342	(83,769)
Total Expenditures	<u>475,819</u>	<u>286,124</u>	<u>(189,695)</u>
Excess of Revenues			
Over Expenditures	<u>(8,500)</u>	<u>177,007</u>	<u>185,507</u>
OTHER FINANCING SOURCES			
AND (USES)			
Transfers In	-	-	-
Transfers (Out)	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(8,500)	177,007	185,507
Fund Balance - Beginning	<u>711,057</u>	<u>711,057</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 702,557</u>	<u>\$ 888,064</u>	<u>\$ 185,507</u>

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SENIOR CENTER FUND
For the Year Ended September 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Miscellaneous Revenues	\$ -	\$ 25,189	25,189
Total Revenues	<u>-</u>	<u>25,189</u>	<u>25,189</u>
EXPENDITURES			
Recreation			
Operating	296,000	235,923	(60,077)
Capital Outlay	-	-	-
Total Expenditures	<u>296,000</u>	<u>235,923</u>	<u>(60,077)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(296,000)</u>	<u>(210,734)</u>	<u>85,266</u>
OTHER FINANCING (USES)			
Transfers In	296,000	296,000	-
Transfers (Out)	-	-	-
Total Other Financing (Uses)	<u>296,000</u>	<u>296,000</u>	<u>-</u>
Net Change in Fund Balance	-	85,266	85,266
Fund Balance - Beginning	<u>16,920</u>	<u>16,920</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 16,920</u>	<u>\$ 102,186</u>	<u>\$ 85,266</u>

Statistical Section

City of Gulfport, Florida
Statistical Section
September 30, 2022

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, 2022, 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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Governmental activities</u>										
Net investment										
in capital assets	\$ 12,797	\$ 12,450	\$ 12,812	\$ 13,411	\$ 14,242	\$ 14,442	\$ 14,757	\$ 15,101	\$ 14,801	\$ 14,133
Restricted	752	690	847	438	380	508	659	426	3,001	1,488
Unrestricted	3,658	2,744	3,407	3,559	2,136	2,064	1,535	1,841	747	6,469
Total governmental activities net position	<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>	<u>\$ 22,090</u>
<u>Business-type activities</u>										
Net investment										
in capital assets	\$ 11,795	\$ 11,356	\$ 10,952	\$ 10,891	\$ 12,318	\$ 12,347	\$ 11,314	\$ 12,085	\$ 11,589	\$ 11,348
Restricted	169	516	409	702	714	188	267	140	1,347	222
Unrestricted (Deficit)	(32)	622	1,630	1,810	2,479	3,401	3,137	2,961	2,290	4,660
Total business-type activities net position	<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>	<u>\$ 16,230</u>
<u>Primary government</u>										
Net investment										
in capital assets	\$ 24,592	\$ 23,806	\$ 23,764	\$ 24,302	\$ 26,560	\$ 26,789	\$ 26,071	\$ 27,186	\$ 26,390	\$ 25,481
Restricted	921	1,206	1,256	1,140	1,094	696	926	566	4,348	1,710
Unrestricted	3,626	3,366	5,037	5,369	4,615	5,465	4,672	4,802	3,037	11,129
Total primary government, net position	<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>	<u>\$ 38,320</u>

Schedule 2
City of Gulfport, Florida

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General Government	\$ 1,421	\$ 1,451	\$ 1,540	\$ 1,557	\$ 1,614	\$ 1,567	\$ 1,867	\$ 1,846	\$ 1,902	\$ 2,355
Public Safety	5,042	4,984	5,315	5,455	5,483	5,745	6,031	6,230	6,795	7,863
Recreation	2,726	2,808	2,865	3,106	3,249	3,434	3,614	3,457	3,382	4,489
Community Development - Redevelopment	852	886	701	1,001	1,411	812	1,063	1,089	1,173	1,552
Public Works	1,501	1,659	1,630	1,494	1,039	1,836	1,767	1,995	1,923	2,806
Interest on Long Term Debt	-	-	-	-	6	13	18	13	5	3
Total governmental activities expenses	\$ 11,542	\$ 11,788	\$ 12,051	\$ 12,613	\$ 12,802	\$ 13,407	\$ 14,360	\$ 14,630	\$ 15,180	\$ 19,068
Business-type activities:										
Sanitation	\$ 1,837	\$ 1,984	\$ 1,971	\$ 2,059	\$ 2,210	\$ 2,474	\$ 2,215	\$ 2,398	\$ 2,284	\$ 2,953
Water and Sewer	4,528	4,684	5,242	5,472	5,399	5,825	8,237	6,794	7,240	7,557
Marina	1,447	1,610	1,580	1,536	1,762	1,964	2,006	2,107	2,561	3,045
Total business-type activities expenses	7,812	8,278	8,793	9,067	9,371	10,263	12,458	11,299	12,085	13,555
Total primary government expenses	\$ 19,354	\$ 20,066	\$ 20,844	\$ 21,680	\$ 22,173	\$ 23,670	\$ 26,818	\$ 25,929	\$ 27,265	\$ 32,623
Program revenues										
Governmental activities:										
Charges for services -										
General Government	\$ 850	\$ 980	\$ 1,421	\$ 1,498	\$ 1,559	\$ 1,767	\$ 1,818	\$ 1,964	\$ 2,083	\$ 2,250
Public Safety	1,078	1,026	1,200	1,240	957	1,179	1,226	1,427	1,715	1,659
Recreation	635	702	694	769	763	779	772	411	343	716
Public Works	333	329	149	178	210	387	260	248	209	430
Operating Grants and Contributions	191	255	293	526	294	382	479	539	524	6,586
Capital Grants and Contributions	90	4	387	317	310	137	305	49	105	89
Total governmental activities program revenues	\$ 3,177	\$ 3,296	\$ 4,144	\$ 4,528	\$ 4,093	\$ 4,631	\$ 4,860	\$ 4,638	\$ 4,979	\$ 11,730
Business-type activities:										
Charges for Services										
Sanitation	\$ 2,030	\$ 2,035	\$ 2,218	\$ 2,184	\$ 2,247	\$ 2,330	\$ 2,339	\$ 2,442	\$ 2,577	\$ 2,745
Water and Sewer	4,253	4,720	5,215	5,167	5,798	6,091	6,233	6,940	7,488	7,977
Marina	1,541	1,760	1,672	1,742	1,936	2,217	2,150	2,412	2,835	3,233
Operating Grants and Contributions	-	-	-	36	225	9	335	9	8	9
Capital Grants and Contributions	-	6	122	303	839	226	11	311	18	17
Total business-type activities program revenues	\$ 7,824	\$ 8,521	\$ 9,227	\$ 9,432	\$ 11,045	\$ 10,873	\$ 11,068	\$ 12,114	\$ 12,926	\$ 13,981
Total primary government program revenues	\$ 11,001	\$ 11,817	\$ 13,371	\$ 13,960	\$ 15,138	\$ 15,504	\$ 15,928	\$ 16,752	\$ 17,905	\$ 25,711
Net (Expense) Revenue										
Governmental activities	\$ (8,364)	\$ (8,492)	\$ (7,907)	\$ (8,085)	\$ (8,709)	\$ (8,776)	\$ (9,500)	\$ (9,992)	\$ (10,201)	\$ (7,338)
Business-type activities	11	243	434	365	1,674	610	(1,390)	815	841	426
Total primary government net (expense)	\$ (8,353)	\$ (8,249)	\$ (7,473)	\$ (7,720)	\$ (7,035)	\$ (8,166)	\$ (10,890)	\$ (9,177)	\$ (9,360)	\$ (6,912)

Continued next page

Schedule 2 - *Continued*
City of Gulfport, Florida

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad Valorem	\$ 2,633	\$ 2,661	\$ 2,848	\$ 3,051	\$ 3,314	\$ 3,563	\$ 3,852	\$ 4,213	\$ 4,568	\$ 4,910
Franchise Fees	703	740	767	712	705	752	803	794	798	862
Utility Taxes	1,050	1,141	1,151	1,161	1,191	1,216	1,296	1,377	1,441	1,481
Communication Service Tax	503	454	438	416	402	405	415	423	423	475
Sales Tax - Infrastructure	1,022	1,010	1,258	1,242	1,281	1,343	1,417	1,353	1,524	1,786
Half-cent Sales Tax	658	692	730	764	772	799	821	780	912	1,015
Local Option Gas Tax	165	155	187	179	179	174	170	156	159	162
Other Taxes	69	78	70	64	69	67	72	41	65	73
State Revenue Sharing	360	372	391	398	416	425	437	408	461	557
Investment Income	5	36	33	27	37	53	62	33	9	36
Miscellaneous	98	148	1,370	203	128	177	216	167	119	65
Gain/(Loss) on Sale of Capital Assets	-	-	-	-	-	-	14	1	62	28
Transfers	767	(319)	378	(47)	(433)	222	(138)	664	840	(570)
Total governmental activities	\$ 8,033	\$ 7,168	\$ 9,621	\$ 8,170	\$ 8,060	\$ 9,196	\$ 9,437	\$ 10,410	\$ 11,381	\$ 10,880
Business-type activities:										
Investment Income (loss)	\$ 1	\$ (1)	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8
Gain on Sale of Capital Assets	-	-	-	-	-	65	34	-	40	-
Special Item	-	-	-	-	-	-	-	316	-	-
Transfers	(767)	319	(378)	47	433	(222)	138	(664)	(840)	570
Total business-type activities	(766)	318	(377)	47	433	(157)	172	(348)	(800)	578
Total primary government	\$ 7,267	\$ 7,486	\$ 9,244	\$ 8,217	\$ 8,493	\$ 9,039	\$ 9,609	\$ 10,062	\$ 10,581	\$ 11,458
Change in Net Position										
Governmental activities	\$ (330)	\$ (1,323)	\$ 1,714	\$ 85	\$ (649)	\$ 420	\$ (63)	\$ 418	\$ 1,180	\$ 3,542
Business-type activities	(754)	561	57	412	2,107	453	(1,218)	467	41	1,004
Total primary government	\$ (1,084)	\$ (762)	\$ 1,771	\$ 497	\$ 1,458	\$ 873	\$ (1,281)	\$ 885	\$ 1,221	\$ 4,546

**Schedule 3
City of Gulfport, Florida**

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 40	\$ 178	\$ 60	\$ 51	\$ 48	\$ 72	\$ 58	\$ 80	\$ 45	\$ 273
Restricted	35	12	16	20	27	43	16	8	16	16
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	26	-	60	17	9	58	78	218	506	2,762
Unassigned	4,216	3,248	4,330	4,184	3,415	3,626	3,310	3,016	4,033	6,350
Total General Fund	\$ 4,317	\$ 3,438	\$ 4,466	\$ 4,272	\$ 3,499	\$ 3,799	\$ 3,462	\$ 3,322	\$ 4,600	\$ 9,401
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 2	\$ 1	\$ 1	\$ 25
Restricted	718	678	831	419	354	465	580	193	479	1,443
Assigned	47	48	174	602	475	421	359	630	631	634
Unassigned (Deficit)	-	(41)	(39)	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 765	\$ 685	\$ 966	\$ 1,021	\$ 829	\$ 887	\$ 941	\$ 824	\$ 1,111	\$ 2,102

Schedule 4
City of Gulfport, Florida

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 6,077	\$ 6,217	\$ 6,699	\$ 6,805	\$ 7,118	\$ 7,501	\$ 8,003	\$ 8,335	\$ 8,955	\$ 9,722
Permits and fees	291	255	334	401	385	585	592	638	771	794
Intergovernmental revenues	1,697	1,728	2,211	2,414	2,209	2,086	2,438	2,291	3,003	9,154
Charges for services	1,720	1,871	2,119	2,264	2,377	2,742	2,714	2,559	2,569	3,182
Fines and forfeitures	410	343	426	401	116	110	84	53	54	(75)
Investment Income	5	36	33	27	37	52	62	33	9	26
Miscellaneous revenues	263	333	1,566	434	344	469	476	325	311	405
Total revenues	\$ 10,463	\$ 10,783	\$ 13,388	\$ 12,746	\$ 12,586	\$ 13,545	\$ 14,369	\$ 14,234	\$ 15,672	\$ 23,208
Expenditures										
General government	\$ 1,353	\$ 1,387	\$ 1,421	\$ 1,432	\$ 1,520	\$ 1,489	\$ 1,610	\$ 1,773	\$ 1,749	\$ 2,147
Public safety	4,863	4,768	5,026	4,950	5,055	5,243	5,493	5,863	6,106	6,429
Recreation	2,473	2,564	2,860	2,698	3,015	2,979	3,259	3,283	3,252	4,115
Community development/ Redevelopment	635	699	774	1,709	1,406	1,123	1,062	1,299	1,156	1,214
Public works	1,343	1,397	1,185	1,180	1,225	1,586	1,562	1,538	1,606	2,131
Capital outlay	527	609	1,189	1,125	1,179	1,123	1,555	1,139	920	721
Debt service:										
Principal	-	-	-	-	43	115	196	247	153	85
Interest	-	-	-	-	6	13	18	13	5	3
Total expenditures	\$ 11,194	\$ 11,424	\$ 12,455	\$ 13,094	\$ 13,451	\$ 13,671	\$ 14,755	\$ 15,155	\$ 14,947	\$ 16,845
Excess of revenues over (under) expenditures	\$ (731)	\$ (641)	\$ 933	\$ (348)	\$ (865)	\$ (126)	\$ (386)	\$ (921)	\$ 725	\$ 6,363
Other financing sources (uses)										
Transfers in	\$ 1,157	\$ 1,702	\$ 734	\$ 1,267	\$ 686	\$ 631	\$ 635	\$ 1,030	\$ 1,213	\$ 997
Transfers out	(390)	(2,021)	(357)	(1,315)	(1,119)	(409)	(773)	(366)	(373)	(1,567)
Issuance of capital leases	-	-	-	-	332	263	241	-	-	-
Total other financing sources (uses)	\$ 767	\$ (319)	\$ 377	\$ (48)	\$ (101)	\$ 485	\$ 103	\$ 664	\$ 840	\$ (570)
Net change in fund balances	\$ 36	\$ (960)	\$ 1,310	\$ (396)	\$ (966)	\$ 359	\$ (283)	\$ (257)	\$ 1,565	\$ 5,793
Debt service as a percentage of non-capital expenditures	N/A	N/A	N/A	N/A	0.4%	1.1%	1.7%	2.0%	1.2%	0.6%

**Schedule 5
City of Gulfport, Florida**

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

Fiscal Year Ended Sept. 30	Real Property			Less: Tax Exemptions	
	Residential Property	Commercial Property	Personal Property	Governmental/ Institutional	\$25,000 Homestead
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
2022	2,252,778,016	200,349,023	20,093,197	120,569,843	190,513,020

Continued

Source: Pinellas County Property Appraiser, 2022 Final tax roll (Form DR403V and Land Use Recaps)

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

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

Less: Tax Exemptions		Total Taxable Assessed Value	Millage Rate •
Homestead Assessment Differential	Widows/ Disability/ Blind		
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
770,842,530	17,412,528	1,373,882,315	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
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
2022	4.0390	4.8188	5.9630	0.7500	0.8775	1.0978	17.5461

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	Total Tax Collected	Percentage of Levy Collected to Date
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%
2022	4,817,291	4,646,594	96.5%	3,296	4,649,890	96.5%

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

Schedule 8
City of Gulfport, Florida

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

<u>Property Description</u>	<u>2022</u>			<u>2013</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Seaside Villas Gulfport LLC	\$ 20,377,500	1	1.84%	\$ 7,750,000	1	1.18%
Culby Properties South LLC	4,925,179	2	0.44%	-		
Hawkeye Equity LLC	4,434,767	3	0.40%	-		
49th Street LLC	4,135,000	4	0.37%	2,141,700	6	0.33%
J L P Management Assoc Inc	3,241,226	5	0.29%	-		-
Hornsleth, Poul & April Caldwell	3,071,703	6	0.28%	-		
5701 Gulfport Property LLC	3,022,060	7	0.27%	-		
Woiteshak, Dwight	2,863,857	8	0.26%	-		
Chisholm, John A	2,792,876	9	0.25%	3,242,491	2	0.49%
MHC AE 1 LLC	2,740,000	10	0.25%	-		
CFC Pasadena Golf LLC	-			3,027,224	3	0.46%
Tugbaev, Igor	-			2,686,882	4	0.41%
Lavin Gulfport Properties LLC	-			2,375,218	5	0.36%
Hernandez, Roberto M	-			1,834,710	7	0.28%
Heithaus, Henry Joseph	-			1,655,477	10	0.25%
Levine, Alan M	-			1,668,563	9	0.25%
Holmes, Michael R	-			1,795,509	8	0.27%
All Others	-		95.34%	-		95.70%
Total	\$ 51,604,168		100.00%	\$ 28,177,774		100.00%

Source: Pinellas County Property Appraiser tax rolls.

**Schedule 9
City of Gulfport, Florida**

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

Type of Customer	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential	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	2,591,810
Commercial	403,363	288,723	283,859	271,658	291,889	258,286	272,263	292,060	297,300	271,434
Government	113,000	111,633	110,428	113,235	112,531	108,342	107,453	86,816	81,856	100,168
Total	3,557,346	3,296,995	3,247,074	3,143,650	3,232,715	3,013,592	3,023,331	3,107,457	2,979,717	2,963,412
Total direct rate per 1,000 gallons:	\$5.52	\$6.18	*\$6.92	\$6.92	\$7.14	\$7.84	\$7.84	\$8.47	\$9.15	\$9.88

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

**Schedule 10
City of Gulfport, Florida**

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

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
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
2022	19.74	9.88	26.86	13.42

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Gulfport Personal Income	Percentage of Personal Income	Per Capita
	Lease Liability	Financed Purchases	Financed Purchases	State Revolving Loan				
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
2022	15,183	-	233,419	7,550,930	7,799,532	603,785,007	1.3%	663

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, 2022**

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable ^a	City's Share of Debt
DIRECT DEBT			
City of Gulfport	\$ 15,183	100.0%	\$ 15,183
Subtotal Direct Debt	<u>\$ 15,183</u>		<u>\$ 15,183</u>
OVERLAPPING DEBT			
Pinellas County School District State Bonds ^b	\$ -	1.29%	\$ -
Pinellas County School District Lease Liability	9,314,547	1.29%	120,618
Pinellas County Financed Purchases	35,905,598	1.29%	464,956
Pinellas County Notes Outstanding	6,318,081	1.29%	81,815
Subtotal Overlapping Debt	<u>\$ 51,538,226</u>		<u>\$ 667,389</u>
Total Direct and Overlapping Debt	<u><u>\$ 51,553,409</u></u>		<u><u>\$ 682,572</u></u>

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

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

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

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

**Schedule 13
City of Gulfport, Florida**

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

Year	Population	Personal Income ^a	Per Capita Personal Income	Median Age ^a	Unemployment Rate ^b	School Enrollment ^c
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
2022	11,769	603,785,007	51,303	55.2	2.5%	2,003

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	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
*BayCare (including all hospitals and subsidiaries)	14,300	1	23.14%	2,448	9	5.85%
Pinellas County School Board	14,000	2	22.65%	13,905	1	33.22%
Publix	7,300	3	11.81%	-	-	-
*Raymond James Financial (all subsidiaries)	6,000	4	9.71%	3,022	6	7.22%
Walmart (including Sam's Club)	4,000	5	6.47%	-	-	-
Bay Pines VA Healthcare System	3,700	6	5.99%	2,330	10	5.57%
City of St. Petersburg	3,500	7	5.66%	3,500	4	8.36%
John Hopkins All Children's Hospital	3,300	8	5.34%	-	-	-
**Pinellas County Board of County Commissioners	3,100	9	5.02%	4,000	2	9.56%
Pinellas County Sheriff's Office	2,600	10	4.21%	2,800	7	6.69%
Home Shopping Network	-	-	-	4,000	3	9.56%
Times Publishing Corp.	-	-	-	3,187	5	7.61%
Nielsen Media Research, Inc	-	-	-	2,669	8	6.38%
Total Employees above	<u>61,800</u>			<u>41,861</u>		
Total Employment Pinellas County	<u>494,375</u>			<u>420,256</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.

(*) Employer data has been consolidated for BayCare which includes Morton Plant, Mease Dunedin, Mease Countryside, St. Anthony's Hospitals along with BayCare Home Health and BayCare Medical Group (BMG). Raymond James has also been consolidated with their subsidiaries (including Raymond James Bank).

(**) Pinellas County Board of County Commissioners was previously reported as Pinellas County Government.

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

Schedule 15
City of Gulfport, Florida

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
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	6.50	6.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Information Technology	1.00	-	-	-	-	-	-	-	-	-
Human Resources	1.00	1.00	1.50	-	-	-	-	-	-	-
Public Safety										
Police	36.00	37.50	37.00	37.50	37.50	37.50	38.50	38.50	40.00	40.00
Fire	14.50	13.50	13.50	14.50	13.50	13.50	14.50	18.50	18.50	18.50
Recreation										
Parks	6.00	6.00	-	-	-	-	-	-	-	-
Library	9.75	9.75	9.75	8.50	8.75	9.75	9.25	9.25	9.75	9.75
Recreation	10.50	11.00	11.00	10.25	11.25	12.25	12.25	12.25	12.25	12.25
Senior Center	2.80	3.00	3.00	3.00	3.25	3.25	3.25	3.25	3.25	3.25
Gems	3.70	4.00	4.00	3.50	3.50	3.00	3.00	3.00	3.50	3.50
Cultural Facilities										
Casino	3.25	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.25	3.25
Theater	3.25	3.25	3.25	3.25	3.50	3.50	3.50	3.50	3.25	3.25
Tech Events	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Development										
Planning	1.25	2.00	2.00	2.00	2.00	3.00	2.67	2.67	2.67	2.67
Building	1.00	3.00	3.00	3.00	3.00	3.00	3.67	3.67	4.67	5.67
Code Enforcement	1.75	1.25	1.25	1.25	1.25	1.25	1.66	2.66	2.66	2.66
49th Street Corridor	0.75	0.75	0.75	0.75	0.75	0.75	-	-	-	-
Waterfront Redevelopment	0.75	-	-	-	-	-	-	-	-	-
Public Works										
Director	1.00	1.00	1.00	1.00	1.25	1.25	1.25	*1.50	1.50	1.50
Parks	-	-	6.00	6.00	7.00	7.00	8.50	*9.00	9.00	9.00
Streets	2.50	3.50	3.50	1.50	0.50	3.50	3.50	3.50	3.50	3.50
Garage	2.00	2.00	2.00	2.00	2.00	2.00	2.50	3.00	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
Utilities										
Water	3.30	3.30	3.30	3.80	3.54	3.54	3.21	*3.28	3.28	3.28
Sewer	3.30	3.30	3.30	3.80	3.54	3.54	3.21	*3.28	3.28	3.28
Stormwater	1.00	1.00	1.00	1.00	1.67	3.67	4.34	4.34	4.34	4.34
Sanitation	13.90	13.90	13.90	15.90	17.00	16.00	16.00	*16.10	16.10	16.10
Marina	3.50	3.50	3.50	3.50	4.50	6.00	6.00	6.00	7.00	7.00
Total	140.75	144.25	143.75	146.25	149.75	157.75	161.25	167.75	171.75	172.75

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Reported crime (UCR Part One)	596	711	661	444	633	455	528	384	367	-
Reported crime (NIBRS) ***	-	-	-	-	-	-	-	-	-	708
Felony arrests ♦	-	220	168	148	173	176	152	117	112	88
Reported traffic crashes	132	105	95	104	118	114	133	98	107	126
Traffic violations issued ♦	-	1,477	1,520	1,053	1,137	1,445	1,518	672	776	667
Calls for service	25,263	27,591	29,144	21,649	29,139	27,538	29,821	29,513	24,794	22,188
Fire										
Fire incidents ♦♦	45	64	43	23	18	32	38	40	41	75
Emergency responses	2,591	2,761	3,040	3,668	2,576	2,698	3,106	2,876	4,295	3,660
Fire inspections	451	458	702	813	707	556	788	486	767	477
Sanitation										
Refuse collected (tons/annu.)	8,447	8,746	9,042	9,839	9,917	9,966	10,473	10,125	10,099	9,457
Recyclables collected (tons/annu.)	1,133	1,174	1,147	987	796	756	692	731	653	769
Utilities										
Average daily consumption (thousands of gallons)	957	951	948	964	*968	*921	*899	900	886	958
Average daily sewage treatment (thousands of gallons)	1,147	1,050	1,323	1,299	*977	1,028	1,131	836	**953	748
Recreation										
Participants in after- school program	46	50	58	61	52	78	67	11	33	51
Participants in summer camp program	129	133	152	136	149	125	123	27	72	79
Library										
Circulation of materials	99,248	103,701	85,513	110,371	120,047	119,261	114,482	123,397	144,771	134,793
Reference questions	7,000	10,228	5,132	8,908	7,835	6,300	9,053	1,311	2,756	13,117
Sponsored programs	277	238	259	354	374	435	609	319	141	398
Senior Center										
Average daily attendance	115	175	233	240	525	599	614	270	150	445
Meals served daily	35	50	71	82	88	59	59	184	115	125
Reassurance calls made daily	13	11	11	10	10	10	12	199	18	15
GEMS										
Number of rides	8,132	8,760	6,811	8,300	8,502	9,624	9,659	4,683	6,425	8,569
Number of subscriptions	165	109	115	128	113	122	128	104	122	120
Number of handicapped members	85	87	92	102	76	73	58	60	55	63
Marina										
Number of wet/dry slips rented	265	289	290	290	290	290	281	320	326	332
Number of vessels fueled	4,429	5,184	5,014	5,528	5,167	5,704	6,790	7,683	7,606	9,104
Number of gallons dispensed	172,266	211,697	196,046	208,394	224,490	272,977	296,018	389,387	380,559	428,942
Number of transient rentals	-	197	209	303	353	304	566	424	419	420
Number of kayaks stored	-	28	32	32	24	22	29	32	32	32
Cultural Facilities										
Number of dances/rentals	317	314	329	335	328	331	340	145	77	327
Number of theater rentals	73	67	66	66	69	82	82	41	16	87

Sources: Various City departments

♦ Different operating indicators selected for tracking after 2007.

♦♦ Changed from *Fires extinguished* as of FY21-22.

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

** Corrected to properly reflect the daily average consumption due to a reporting error.

*** The State of Florida has transitioned from Uniform Crime Reporting (UCR) to National Incident Based Reporting (NIBRS). NIBRS requires reporting of up to ten offenses per incident versus UCR's one offense and includes a much larger range of offense types.

Schedule 17
City of Gulfport, Florida

CAPITAL ASSET STATISTICS BY FUNCTION PROGRAM
Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Schools										
Elementary	1	1	1	1	1	1	1	1	1	1
Junior/Senior High	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	23	23	23	23	23	23	23
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
Rescue Units	-	-	-	-	-	-	-	1	1	1
Other Public Works										
Streets - Paved	67.63	67.63	67.63	67.63	67.63	*49.25	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	1,380	1,380
Sanitation										
Collection trucks	7	7	8	11	11	11	12	12	12	12
Utilities										
Water mains (miles)	68	68	68	68	68	68	68	68	68	68
Fire hydrants	284	284	284	284	285	286	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	4	4	4	4	4	4
Recreation										
Acreage	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75
Playgrounds	6	6	5	6	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	5	5	4	4	4	4	6	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
Library										
Catalogued items	77,113	89,339	75,546	80,948	76,868	100,071	127,834	147,969	153,762	78,795
GEMS										
Vehicles	4	4	4	4	4	4	4	4	4	4
Marina										
Number of slips	247	247	247	247	247	247	247	252	252	252
Dry storage slips	80	80	80	80	80	79	79	78	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.

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Compliance Section

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gulfport, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated May 31, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

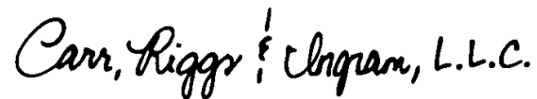
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 style.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida

May 31, 2023

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

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

Report on Compliance for Each Major State Project

Opinion on Each Major State Project

We have audited City of Gulfport, Florida's (the "City") compliance with the types of compliance requirements described in the *State of Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of City's major state projects for the year ended September 30, 2022. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Gulfport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2022.

Basis for Opinion on Each Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Chapter 10.550, Rules of the Auditor General, *Florida Single Audit Act Audits – Local Governmental Entity Audits*. Our responsibilities under those standards and Chapter 10.550, Rules of the Auditor General, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
May 31, 2023

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CITY OF GULFPORT, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended September 30, 2022

Federal or State Grantor/ Pass-Through Grantor/Program	CSFA Number	Pass-Through Entity Identifying Grant /Loan Number	Expenditures	Amount provided to Subrecipients
State Financial Assistance				
Florida Department of Environmental Protection:				
*Wastewater Treatment Facility Construction	37.077	WW5202B0	2,708,261	\$ -
			<u>2,708,261</u>	
Total Expenditures of State Financial Assistance			<u>\$ 2,708,261</u>	<u>\$ -</u>

* Denotes major state financial assistance project.

NOTE 1 - GENERAL

This schedule represents the State-initiated grant activity of the City of Gulfport, Florida (the "City"), recorded by the City during the fiscal year ended September 30, 2022. For purposes of this schedule, state financial assistance includes state assistance received directly from a state agency as well as state funds received indirectly by the City from non-federal or non-state organizations. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Basis of Accounting

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

NOTE 3 - CONTINGENCIES

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

CITY OF GULFPORT, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None |

State Projects:

- | | |
|---|------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with Rule 10.554(1)(l)(4)? | None |

4. Identification of major programs:

CSFA	
<u>Number</u>	<u>Project</u>
37.077	Wastewater Treatment Facility Construction

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
|---|-----------|

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – STATE PROJECT FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings.

**INDEPENDENT ACCOUNTANTS’ REPORT ON COMPLIANCE FOR THE
U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL
RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS**

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

We have examined the City of Gulfport, Florida’s (the “City”) compliance with the compliance requirements “activities allowed or unallowed” and “allowable cost/cost principles” (the specified requirements) as described in Part IV “Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds” of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as “Requirements for an Alternative CSLFRF Compliance Examination Engagement”) during the year ended September 30, 2022. Management of the City is responsible for the City’s compliance with the specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the “Requirements for an Alternative CSLFRF Compliance Examination Engagement.” Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the City of Gulfport, Florida complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2022.

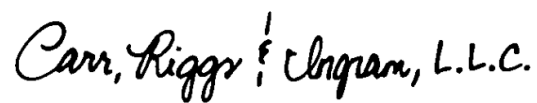
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a

material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City of Gulfport, Florida complied, in all material respects with the specified requirements referenced above during the year ended September 30, 2022. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized ampersand.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida

May 31, 2023



Carr, Riggs & Ingram, LLC
3000 Bayport Drive
Suite 500
Tampa, FL 33607

813.855.3036
813.207.2998 (fax)
CRlcpa.com

**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, 2022. 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 AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on 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, 2022.

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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
May 31, 2023



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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, 2022, and have issued our report thereon dated May 31, 2023.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors’ Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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, and Independent Accountants’ Report on an examination conducted in accordance with AICPA Professional Standards, the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the Requirements for an Alternative Coronavirus State and Local Fiscal Recovery Funds Compliance Examination Engagement. Disclosures in those reports and schedule, which are dated May 31, 2023, 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.

Special District Component Units

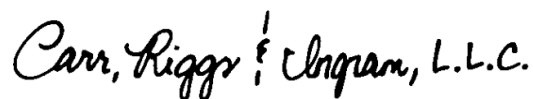
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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, LLC

Tampa, Florida
May 31, 2023

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