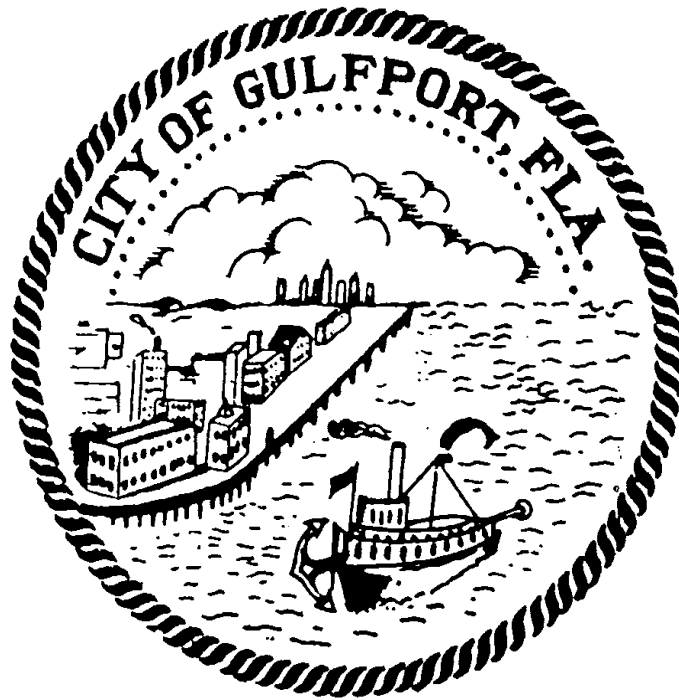


*City of Gulfport
Florida*



2020

*Waterfront Community
Redevelopment Agency
Annual Financial Report
Fiscal Year Ended September 30, 2020*

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Waterfront Community Redevelopment Agency
Annual Financial Report
of the
City of Gulfport, Florida
for the
Fiscal Year Ended September 30, 2020

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



City Manager
James E. O'Reilly

City Clerk
Lesley DeMuth

Finance Director
Cheryl Hannafin, CPA

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CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
ANNUAL REPORT
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Year Ended September 30, 2020

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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

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Gulfport Waterfront Community Redevelopment Agency

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Gulfport Waterfront Community Redevelopment Agency ("Agency"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Gulfport Waterfront Community Redevelopment Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City of Gulfport Waterfront Community Redevelopment Agency as of September 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 and the budgetary comparison schedule on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

United States of America. In our opinion, project revenues and expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Honorable Mayor and Members of the City Council
City of Gulfport Waterfront Community Redevelopment Agency
Page Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Tampa, Florida
June 24, 2021

**CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

This supplement to the Independent Auditor’s Report and Financial Statements has been developed in accordance with the Government Accounting Standards Board Statement No. 34. It is intended to provide the readers of this report with a general overview of the financial activities of the City of Gulfport Waterfront Community Redevelopment Agency (the Waterfront CRA). The Waterfront CRA provides the following discussion and analysis of the Waterfront CRA’s financial activities for the fiscal year ended September 30, 2020. Management’s Discussion and Analysis is designed to: (a) assist the reader to focus on significant financial issues, (b) provide an overview of the Waterfront CRA’s financial activities, (c) identify changes in the Waterfront CRA’s financial position, (d) identify material deviations from the financial plan, and (e) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the Waterfront CRA’s financial statements.

The Waterfront CRA

The Waterfront CRA was created under Chapter 163, Florida Statutes, and City of Gulfport (the City) Resolutions No.92-25 and 92-55. The Governing Board of the Waterfront CRA (the Board) is the City Council and, therefore, the City exercises significant influence over its operations and fiscal management. The Waterfront CRA is considered a component unit of the City for financial reporting purposes and is included as a blended special revenue fund within the City’s overall basic financial statements.

These financial statements are presented for the purpose of complying with state law, specifically Florida Statute Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000.

Financial Highlights

- The assets of the Waterfront CRA exceeded the liabilities at the close of the most recent fiscal year by \$2,868,831.
- The Waterfront CRA’s fund balance increased by \$190,037.
- General Fund expenditures were \$414,121 less than the final budgeted expenditures.
- Capital assets of the Waterfront CRA increased by \$285,115 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Waterfront CRA’s basic financial statements, which are comprised of the following four (4) components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information

**CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Waterfront CRA's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the Waterfront CRA's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Waterfront CRA is improving or deteriorating. The *Statement of Activities* presents information showing how the Waterfront CRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements listed above distinguish functions of the Waterfront CRA that are principally supported by ad-valorem taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the Waterfront CRA is community development/redevelopment. The Waterfront CRA currently has no business-type activities.

The government-wide financial statements include only the activities of the Waterfront CRA. However, the Waterfront CRA is considered a blended component unit of the City and, as such, the financial information of the Waterfront CRA is also included in the City's annual financial report for each fiscal year.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Waterfront CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Waterfront CRA's near-term financing requirements.

**CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements – Continued

Governmental Funds – Continued

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Waterfront CRA's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

General Fund

The General Fund is the primary operating fund of the Waterfront CRA and accounts for all financial resources of the Waterfront CRA.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

Included in this section of the report is the Budgetary Comparison Schedule.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Waterfront CRA's financial position. In the case of the Waterfront CRA, assets exceeded liabilities by \$2,868,831 (*net position*) as of the close of the most recent fiscal year, an increase of \$412,652 in comparison with the prior year. Capital assets increased by \$285,185 due to additional construction in progress on the Williams Pier project.

**CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements – Continued

Governmental Funds – Continued

The following table reflects a summary of the *Statement of Net Position* for the current and prior year as of September 30:

CITY OF GULFPORT, FLORIDA WATERFRONT COMMUNITY REDEVELOPMENT AGENCY		
	2020	2019
ASSETS		
Current and Other Assets	\$ 626,392	\$ 494,514
Capital Assets (Net)	2,249,640	1,964,525
Total Assets	2,876,032	2,459,039
LIABILITIES		
Current and Other Liabilities	7,201	2,860
Total Liabilities	7,201	2,860
Net Position		
Net Investment in Capital Assets	2,249,640	1,964,525
Restricted	-	18,933
Unrestricted	619,191	472,721
Total Net Position	\$ 2,868,831	\$ 2,456,179

Statement of Activities

The following table reflects the *Statement of Activities* for the current and prior year for the fiscal year ended September 30:

CITY OF GULFPORT, FLORIDA WATERFRONT COMMUNITY REDEVELOPMENT AGENCY		
	2020	2019
REVENUES		
Program Revenues:		
Operating Grants and Contributions	\$ -	\$ 2,898
Capital Grants and Contributions	225,000	62,500
Total Program Revenues	225,000	65,398
General Revenues:		
Property Taxes	391,698	337,389
Miscellaneous Revenue	925	545
Total General Revenues	392,623	337,934
Total Revenues	617,623	403,332
EXPENSES		
Community Development/Redevelopment	204,971	237,573
Total Expenses	204,971	237,573
Net Change in Net Position	412,652	165,759
Net Position, Beginning of Year	2,456,179	2,290,420
Net Position, End of Year	\$ 2,868,831	\$ 2,456,179

**CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements – Continued

Statement of Activities – Continued

Fiscal year 2020 activities increased the Waterfront CRA's net position by \$412,652 from the prior year. This change resulted from a contribution from the City's Marina Fund of \$225,000 for their portion of costs related to the Williams Pier project, as well as an increase in tax increment financing revenues of \$54,309 due to an increase in property values within the Waterfront CRA district. Expenses were in line with the prior year.

Financial Analysis of the Waterfront CRA's Fund

Governmental Fund

The focus of the Waterfront CRA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Waterfront CRA's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Waterfront CRA's fund balance of \$838 is nonspendable for prepaids, \$90,000 is assigned for redevelopment projects within the Waterfront CRA district, and \$528,353 is assigned and available for spending in the upcoming year.

Property taxes totaling \$391,698 represented approximately 63% of all revenues. The Waterfront CRA's fund balance increased by \$190,037 in the current year. The increase in tax increment financing revenues of \$54,309 was addressed above in the governmental activities discussion.

Budgetary Highlights

An annual budget is prepared for the Waterfront CRA and approved by the Board. The legal level of control is maintained at the fund level. During 2020, the Board approved a supplemental budget appropriation to provide for carryforward balance. This appropriation caused an increase from the original budget of \$44,207, for community development/redevelopment expenditures. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of the fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles. The Waterfront CRA underspent the final amended budget by \$414,121 for redevelopment project costs that carried over to the next year.

**CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Capital Assets and Debt Administration

As of September 30, 2020, the Waterfront CRA had \$2,249,640 invested in infrastructure and equipment capital assets as compared to \$1,964,525 in the prior fiscal year. This represents a net increase of \$285,115 and resulted from additional construction in progress of \$439,685 for the Williams Pier project offset by depreciation expense of \$157,975.

	2020	2019
Construction in Progress	\$ 459,418	\$ 19,733
Infrastructure and Improvements	3,847,238	3,843,833
Equipment	164,145	164,145
	4,470,801	4,027,711
Less Accumulated Depreciation	(2,221,161)	(2,063,186)
	\$ 2,249,640	\$ 1,964,525

Additional detailed information regarding the Waterfront CRA’s capital assets can be found in Note 3 of the notes to the financial statements.

Economic Factors and Future Developments

The Waterfront CRA will continue to plan projects and infrastructure improvements that align with its redevelopment priorities for the designated district. The Waterfront CRA will continue to implement the community’s shared development goals through its redevelopment strategies and critical tasks.

Request for Information

This financial information is designed to present users with a general overview of the Waterfront CRA’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City’s Finance Director at City Hall located at 2401 53rd Street South, Gulfport, FL 33707.

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. 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
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 621,385
Accounts Receivable (Net)	4,169
Prepaid Items	838
Capital Assets:	
Capital Assets Not Being Depreciated	459,418
Capital Assets Being Depreciated	1,790,222
Total Capital Assets	2,249,640
Total Assets	2,876,032
LIABILITIES	
Accounts Payable	7,158
Accrued Liabilities	43
Total Liabilities	7,201
NET POSITION	
Net Investment in Capital Assets	2,249,640
Unrestricted	619,191
Total Net Position	\$ 2,868,831

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

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Change in Net
			Contributions	Contributions	Position
					Governmental
					Activities
Governmental Activities:					
Community Development/Redevelopment	\$ 204,971	\$ -	\$ -	\$ 225,000	\$ 20,029
Total Governmental Activities	\$ 204,971	\$ -	\$ -	\$ 225,000	\$ 20,029
General Revenues:					
					391,698
					925
				Total General Revenues and Transfers	392,623
				Change in Net Position	412,652
				Net Position - Beginning	2,456,179
				Net Position - Ending	<u>\$ 2,868,831</u>

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

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUND
September 30, 2020

	General Fund
ASSETS	
Cash and Cash Equivalents	621,385
Accounts Receivable (Net)	4,169
Prepaid Items	838
Total Assets	\$ 626,392
LIABILITIES AND FUND	
BALANCE	
Liabilities:	
Accounts Payable	7,158
Accrued Liabilities	43
Total Liabilities	7,201
Fund Balance:	
Nonspendable Prepaids	838
Assigned for Waterfront Redevelopment	528,353
Assigned for Beach Renourishment	60,000
Assigned for Williams Pier	30,000
Total Fund Balance	619,191
Total Liabilities and Fund	
Balance	\$ 626,392

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

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
as of September 30, 2020

Total fund balance of governmental fund	\$	619,191
--	----	---------

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 fund. The cost of the assets is \$4,470,801, and the accumulated depreciation is \$2,221,161.

		2,249,640
		2,249,640

Total net position of governmental activities

	\$	2,868,831
		2,868,831

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

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended September 30, 2020

	General Fund
REVENUES	
Taxes	\$ 391,698
Intergovernmental Revenues	62,500
Miscellaneous Revenues	925
Total Revenues	455,123
EXPENDITURES	
Current:	
Community Development/Redevelopment	490,086
Total Expenditures	490,086
Excess of Expenditures Over Revenues	(34,963)
OTHER FINANCING SOURCES	
Transfers In	225,000
Total Other Financing Sources	225,000
Net Change in Fund Balance	190,037
Fund Balance - Beginning	429,154
Fund Balance - Ending	\$ 619,191

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

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended September 30, 2020

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

Net change in fund balance - total governmental fund	\$	190,037
<p>Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.</p> <p>This is the amount by which cost of capital purchases (\$443,090) exceeds depreciation (\$157,975).</p>		
		285,115
<p>Under the modified accrual basis of accounting, revenues are recognized when both the measureable and available criteria have been met. Some grant revenues recognized in the current year were recognized in governmental activities in the prior year.</p>		
		<u>(62,500)</u>
Change in net position of governmental activities	\$	<u><u>412,652</u></u>

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

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gulfport Waterfront Community Redevelopment Agency's (the Waterfront CRA) financial statements are prepared in accordance with generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

A. REPORTING ENTITY

In August 1992, the Waterfront CRA was created under the Florida Statutes, Chapter 163 Part III, and City of Gulfport (the City) Resolutions No. 92-25 and 92-55. In 1993, the City established the Waterfront Area Redevelopment Plan in Ordinance 93-2 (amended in 2000 and 2009) with the purpose of establishing the redevelopment priorities and geographical boundaries for the designated CRA. The Governing Board of the Waterfront CRA (the Board) is the City Council and, therefore, the City exercises significant influence over its operations and fiscal management. The Waterfront CRA is considered a component unit of the City for financial reporting purposes and is included as a blended special revenue fund within the City's overall basic financial statements.

B. BASIC FINANCIAL STATEMENTS

These financial statements are presented for the purpose of complying with state law, specifically Florida Statutes, Section 163.387(8)(a), which requires separate audited financial statements for each Community Redevelopment Agency that has revenues or expenditures that exceed \$100,000. Entity-wide financial statements are prepared at the City-wide level by the City and include the Waterfront CRA. Copies of that report can be obtained from the City's Finance Department.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are resources when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2020

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION *(Continued)*

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for debt service expenditures, which are recorded only when payment is due.

Considering that the fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

Tax increment financing revenue and interest associated with the current fiscal period is considered to be measurable and has been recognized as revenues of the current fiscal year, if available.

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

The Waterfront CRA reports the General Fund as a major governmental fund. The General Fund is used to account for all financial resources received by the Waterfront CRA. The General Fund serves as the primary operating fund of the Waterfront CRA. The Waterfront CRA does not have any non-major funds.

D. ASSETS, LIABILITIES AND FUND EQUITY

Budgets and Budgetary Accounting

An annual budget is prepared for the Waterfront CRA as part of the City's budget process. The budget amounts presented in the accompanying financial statements are as originally adopted, or as legally amended, by the Council during the year ended September 30, 2020. The City Manager is authorized to transfer budgeted amounts within the fund; however, all budget amendments require CRA Board approval and any budget amendments that alter the total expenditures of the fund must be approved by the Council. During 2020, the Council approved supplemental budget appropriations to provide for carryforward fund balance. Budget appropriations may not be legally exceeded on a fund basis. Appropriations lapse at the end of each fiscal year. The budget is adopted on a basis consistent with generally accepted accounting principles.

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2020

D. ASSETS, LIABILITIES AND FUND EQUITY *(Continued)*

Cash and Investments

The Waterfront CRA participates in the City's consolidated pooled cash account. The City's cash and cash equivalents are considered to be cash on hand. Further information on the City's pooled cash and investments can be found in the notes to the annual financial statements of the City.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported on the government-wide financial statements. The CRA defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life of beyond one year. These assets are recorded at historical cost if purchased, and acquisition value if donated. Depreciation on all capital assets is provided on a straight-line basis over the following estimated useful lives: buildings 20-50 years, infrastructure and improvements other than buildings 5-70 years, and equipment 3-20 years.

Prepaid Expenditures / Expenses

Payments made to vendors for services that will benefit periods beyond September 30, 2020, are recorded as prepaid items. These payments are recorded as expenditures when consumed rather than when purchased.

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.

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2020

D. ASSETS, LIABILITIES AND FUND EQUITY *(Continued)*

Fund Balance *(Continued)*

- **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.
- **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.

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.
- **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.

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2020

E. OTHER SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH, POOLED CASH, AND INVESTMENTS

At September 30, 2020, the Waterfront CRA’s funds are part of the City’s cash and investment pool. The Waterfront CRA’s balance in the pool as of September 30, 2020 is \$621,385. The City’s cash deposits are held by a bank that qualifies as a public depository under the *Florida Security for Public Deposits Act* as required by Chapter 280, Florida Statutes. The City maintains an investment policy managing pooled cash and investments. Further information on the City’s pooled cash and investments can be found in the notes to the annual financial statements of the City.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2020 was as follows:

	Beginning Balance 10/1/2019	Additions	Deletions	Ending Balance 9/30/2020
Non-depreciated Assets				
Construction in Progress	\$ 19,733	\$ 439,685	\$ -	\$ 459,418
Depreciated Assets:				
Infrastructure and Improvements	3,843,833	3,405	-	3,847,238
Equipment	164,145	-	-	164,145
Total Capital Assets at Historical Cost	<u>4,007,978</u>	<u>3,405</u>	<u>-</u>	<u>4,011,383</u>
Less Accumulated Depreciation for:				
Infrastructure and Improvements	2,005,858	149,760	-	2,155,618
Equipment	57,328	8,215	-	65,543
Total Accumulated Depreciation	<u>2,063,186</u>	<u>157,975</u>	<u>-</u>	<u>2,221,161</u>
Governmental Activities Capital Assets, net	<u>\$ 1,964,525</u>	<u>\$ 285,115</u>	<u>\$ -</u>	<u>\$ 2,249,640</u>

Depreciation expense of \$157,975 was charged to the development/redevelopment function.

CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2020

NOTE 4 – TAX INCREMENT FINANCING REVENUE

The Waterfront CRA is primarily funded through tax increment financing (TIF) revenue. The tax increment revenue is calculated by applying the adopted millage rate to the increase in current year taxable assessed valuations within the Waterfront CRA district, using the year in which it was established as the “base year” (1992 for the Waterfront district). The City and Pinellas County are required to contribute 95% of the incremental property taxes levied each year for the Waterfront district. For fiscal year 2020, the Waterfront CRA received its calculated share of \$168,069 from the City and \$223,629 from Pinellas County.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Litigation

The Waterfront CRA is subject to various disputes and legal proceedings which arise in the normal course of its operations. In the opinion of management, the amount of ultimate liability with respect to these activities will not be material in the Waterfront CRA’s financial condition and would be handled by the City, with any applicable charges allocated to the Waterfront CRA.

Contingency

In March 2020 the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) global pandemic, resulting in federal, state, and local governments and private entities to mandate various restrictions. These include travel and public gathering restrictions, stay-at-home orders and advisories, and quarantining of people who may have been exposed to the virus.

At this point in time, we cannot reasonably estimate the duration and severity of this pandemic, which could have an adverse impact on the Waterfront CRA.

Required Supplementary Information

This financial statement section provides the following schedule:

Budgetary comparison schedule for *Major Fund*

- General Fund

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CITY OF GULFPORT, FLORIDA
WATERFRONT COMMUNITY REDEVELOPMENT AGENCY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For The Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Property Taxes	\$ 391,711	\$ 391,711	\$ 391,698	\$ (13)
Intergovernmental Revenues	-	-	62,500	62,500
Miscellaneous Revenues	-	-	925	925
Total Revenues	391,711	391,711	455,123	63,412
EXPENDITURES				
Community Development/Redevelopment				
Operating	135,000	109,440	46,996	(62,444)
Capital Outlay	725,000	794,767	443,090	(351,677)
Total Expenditures	860,000	904,207	490,086	(414,121)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(468,289)	(512,496)	(34,963)	477,533
OTHER FINANCING SOURCES AND (USES)				
Transfers In	225,000	225,000	225,000	-
Transfers (Out)	(30,000)	(30,000)	-	30,000
Total Other Financing Sources and (Uses)	195,000	195,000	225,000	30,000
Net Change in Fund Balance	(273,289)	(317,496)	190,037	507,533
Fund Balance - Beginning	429,154	429,154	429,154	-
Fund Balance - Ending	155,865	111,658	619,191	507,533

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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 Waterfront Community Redevelopment Agency

We have audited, 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, the financial statements of the City of Gulfport Waterfront Community Redevelopment Agency, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Gulfport Waterfront Community Redevelopment Agency's basic financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Gulfport Waterfront Community Redevelopment Agency's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Gulfport Waterfront Community Redevelopment Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gulfport Waterfront Community Redevelopment Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Gulfport Waterfront Community Redevelopment Agency'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.

Carly Riggs & Ingram, L.L.C.

Tampa, Florida
June 24, 2021

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REDEVELOPMENT TRUST FUND

To the Honorable Mayor and Members of City Council
City of Gulfport Waterfront Community Redevelopment Agency

We have examined the City of Gulfport Waterfront Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 163.387(6) and Section 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, during the year ended September 30, 2020. Management is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

Our examination disclosed the following noncompliance with Section 163.387(6)b, Florida Statutes, *Redevelopment Trust Fund* applicable to the Agency during the year ended September 30, 2020. Section 16.387(6)b states "A community redevelopment agency created by a municipality shall submit its annual budget to the board of county commissioners for the county in which the agency is located within 10 days after the adoption of such budget and submit amendments of its annual budget to the board of county commissioners within ten days after the adoption date of the amended budget." The Agency provided the Pinellas County Board of County Commissioners the budget and budget amendment after the prescribed ten days.

In our opinion, the Agency complied, in all material respects, with the requirements of Section 163.387(6) and Section 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, for the year ended September 30, 2020.

Honorable Mayor and Members of the City Council
City of Gulfport Waterfront Community Redevelopment Agency
Page Two

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.

Cam, Riggs & Ingram, L.L.C.

Tampa, Florida
June 24, 2021

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL
GOVERNMENT INVESTMENT POLICIES**

To the Honorable Mayor and Members of City Council
City of Gulfport Waterfront Community Redevelopment Agency

We have examined the City of Gulfport Waterfront Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Agency complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

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.

Tampa, Florida
June 24, 2021

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mayor and Members of City Council
City of Gulfport Waterfront Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the City of Gulfport Waterfront Community Redevelopment Agency, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 24, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address finding and recommendations made in the preceding audit report. However, no recommendations were made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authorities for the City of Gulfport Waterfront Community Redevelopment Agency are disclosed in the footnotes. The City of Gulfport Waterfront Community Redevelopment Agency does not have component units.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

Purpose of this Letter

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

Carly Riggs & Ingram, L.L.C.

Tampa, Florida
June 24, 2021

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