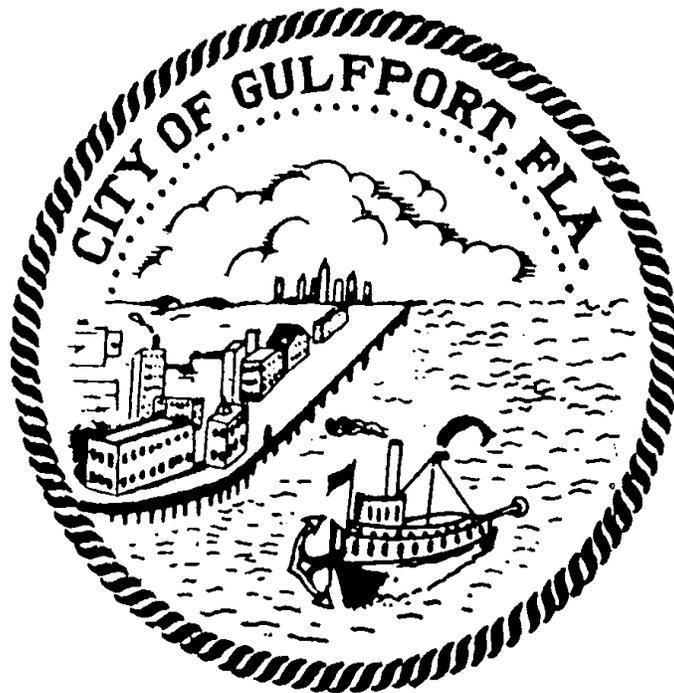


*City of Gulfport
Florida*



2013
*Comprehensive
Annual Financial Report*

Fiscal Year Ended September 30, 2013

(This page intentionally left blank)

Comprehensive Annual Financial Report
of the
City of Gulfport, Florida
for the
Fiscal Year Ended September 30, 2013

Sam Henderson, Mayor
Dan Liedtke, Vice Mayor
Christine Brown
Jennifer Salmon
Michael Fridovich



City Manager
James E. O'Reilly

City Clerk
Lesley DeMuth

Administrative Services Department

Terri Gould
Administrative Services Director

Prepared by the Finance Division

(This page intentionally left blank)

CITY OF GULFPORT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Table of Contents
Year Ended September 30, 2013

INTRODUCTORY SECTION

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	v
Organizational Chart	vi

FINANCIAL SECTION

Report of Independent Certified Public Accountants	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	15
Statement of Activities	16
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheets of Governmental Funds To the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Fiduciary Net Position - Pension Trust Funds	27
Statement of Changes in Fiduciary Net Position - Pension Trust Funds	28
<i>Notes to Financial Statements</i>	29
Required Supplementary Information:	
<i>Budgetary Comparison Schedules:</i>	
General Fund	63
<i>Pension Data:</i>	
<i>Employee Retirement Plans</i>	
Schedules of Employer Contributions	65
Schedules of Funding Progress	66
<i>Employee Other Postemployment Benefits Plan</i>	
Schedule of Employer Contributions	67
Schedule of Funding Progress	68

Other Supplementary Information:*Budgetary Comparison Schedule:*

Capital Projects Fund	71
-----------------------	----

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Special Revenue Funds	72
--	----

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	73
---	----

Budgetary Comparison Schedules:

49 th Street Redevelopment District	74
--	----

Law Enforcement Trust	75
-----------------------	----

Waterfront Redevelopment District	76
-----------------------------------	----

STATISTICAL SECTION

Index	79
-------	----

Net Position by Components - Last Ten Fiscal Years	81
--	----

Changes in Net Position - Last Ten Fiscal Years	82
---	----

Fund Balances - Governmental Funds - Last Ten Fiscal Years	84
--	----

Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	85
---	----

Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	86
--	----

Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	88
---	----

Property Tax Levies and Collections - Last Ten Fiscal Years	89
---	----

Principal Property Taxpayers - Current Year and Nine Years Ago	90
--	----

Water Sold by Type of Customer - Last Ten Fiscal Years	91
--	----

Water and Sewer Rates - Last Ten Fiscal Years	92
---	----

Ratios of Outstanding Debt by Type	93
------------------------------------	----

Direct and Overlapping Governmental Activities Debt	94
---	----

Demographic and Economic Statistics - Last Ten Fiscal Years	95
---	----

Principal Employers - Current Year and Nine Years Ago	96
---	----

Full-time Equivalent - City Government Employees by Function - Last Ten Fiscal Years	97
---	----

Operating Indicators by Function/Program - Last Ten Fiscal Years	98
--	----

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	99
--	----

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	103
--	-----

Independent Auditor's Management Letter Required by Chapter 10.550, Rules of the Auditor General	105
---	-----

Introductory Section

(This page intentionally left blank)



CITY OF GULFPORT, FLORIDA

Gateway to the Gulf

DANIEL LIEDTKE, Councilmember, Ward 1
CHRISTINE BROWN, Councilmember, Ward 2

SAMUEL HENDERSON, Mayor
JENNIFER SALMON, Councilmember, Ward 3
MICHAEL FRIDOVICH, Councilmember, Ward 4

May 30, 2014

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Gulfport, Florida (the "City") for the fiscal year ended September 30, 2013. 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, 2013, 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 11,982 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 report for each individual governmental, special revenue and enterprise fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The continued significant and prolonged downturns in the economy and the housing market continue to challenge the City's ability to generate sufficient revenue to meet actual and projected needs. Pension costs continue to rise due to low interest rates. The national and local economy has remained sluggish, showing slow or gradual improvements with a lengthy projected recovery. Values in taxable real estate peaked at just over \$1 billion in FY 2008 and continued a steady decline the past five years and have leveled at just over \$668 million for fiscal year end 2013.

Declines in taxable value coupled with legislative or constitutional amendments limiting millage rates have led to an overall cumulative loss in property tax revenues over the past five years. Ad valorem collections mirrored those reductions.

The following table illustrates the decline in taxable real estate values and ad valorem property tax revenues over the past six fiscal years.

	FY08	FY09	FY10	FY11	FY12	FY13
Taxable Assessed Value	\$ 1,005,346,275	\$ 890,284,920	\$ 798,568,343	\$ 718,451,015	\$ 657,170,333	\$ 667,652,391
Ad valorem Revenues	\$ 3,256,529	\$ 3,009,208	\$ 2,699,875	\$ 2,425,538	\$ 2,567,103	\$ 2,533,016

In an effort to help mitigate revenue losses stemming from the previous decline in the housing market and downturn in the economy, the City enacted budget cuts over the past several years. Several of the budget cuts focused on personnel cuts and included hiring freezes. As the housing market declines have begun to level, the City is focused on making prudent choices to make the most of the economic recovery.

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 City remains focused on continuing to improve the City Waterfront District and the 49th Street Redevelopment Corridor through infrastructure improvements and collaborative efforts with merchants and residents within the districts as well as improvements to the Marina. In the future, significant resources will be necessary for repair and replacement of water and sewer lines throughout the City’s aging utility system. The abatement of groundwater infiltration in sewer lines throughout the City is a high priority currently and going forward.

Relevant financial policies.

The City continues to maintain a 25% 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. By policy, the City must maintain a minimum fund balance in the General Fund in an amount equal to twenty five (25) percent of the City’s General Fund Budget previous year balance. For the FY 2013 yearend, the fund balance was \$4,317,804 while unassigned fund balance was \$4,216,262. The available unassigned fund balance was sufficient to cover this minimum requirement for FY 2013.

Starting in FY 2008, the City discontinued the practice of utilizing General Fund revenues to make up revenue shortfalls in general government operations, and reinstated the usage of payment in lieu of taxes (PILOT) transfers from the City’s enterprise funds to the General Fund to mitigate revenue shortfalls. For FY 2013, a total of \$1,092,000 in PILOT transfers were approved and transferred from the enterprise funds.

The following chart illustrates the amount by fund of PILOT transfers to the General Fund over the past six (6) fiscal years.

	Sanitation	Water & Sewer	Marina
FY08	\$ 136,402	\$ 317,688	\$ 158,622
FY09	139,491	359,137	287,352
FY10	100,000	-	500,000
FY11	127,727	539,463	454,953
FY12	350,000	546,715	375,000
FY13	467,000	325,000	300,000

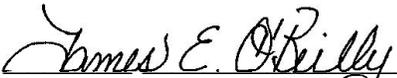
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gulfport, Florida for its comprehensive annual report for the fiscal year ended September 30, 2012. This was the thirtieth 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 generally accepted accounting principles 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



 Interim Administrative Services Director



Government Finance Officers Association

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

Presented to

**City of Gulfport
Florida**

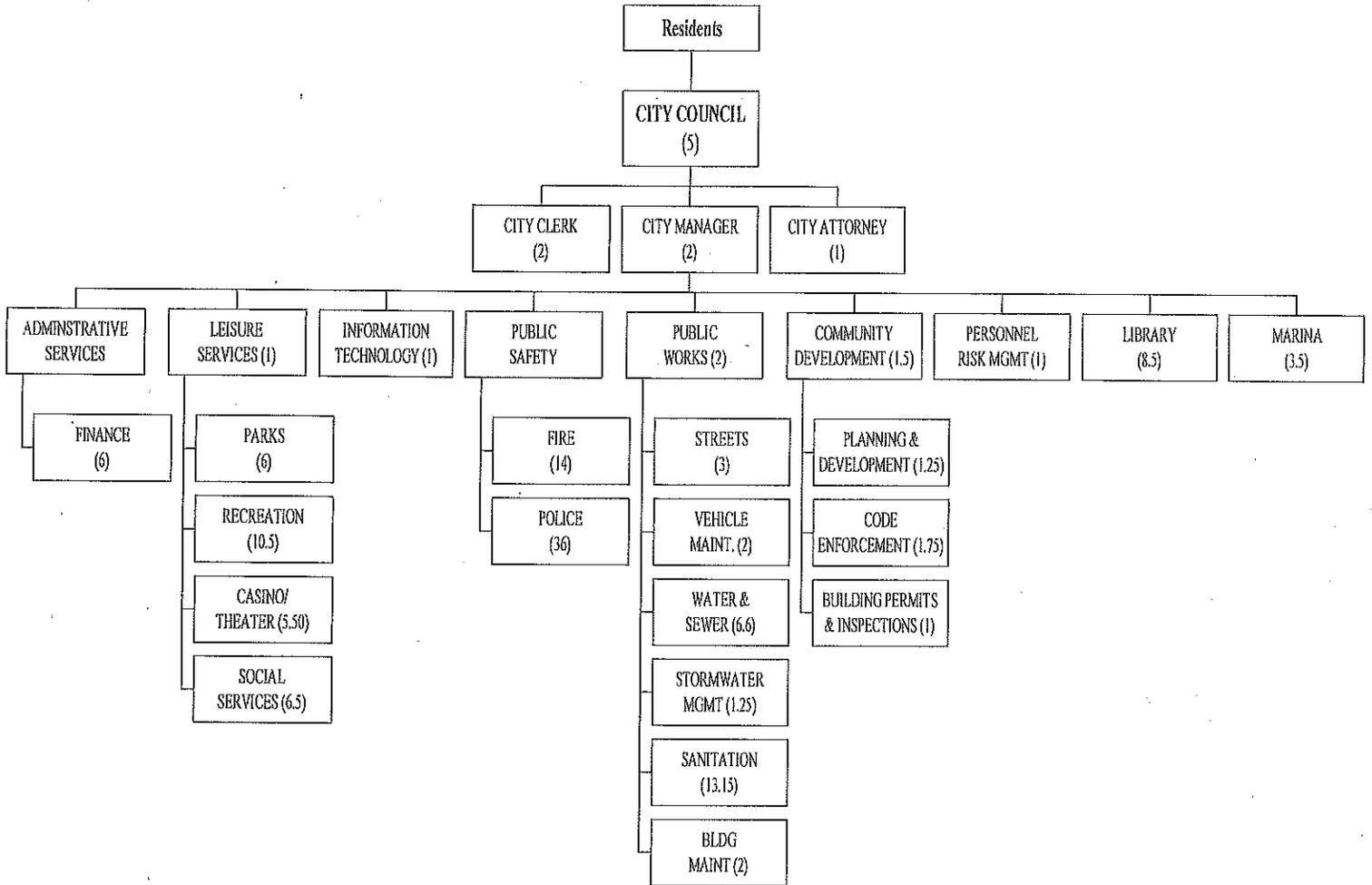
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

ORGANIZATIONAL CHART

For Fiscal 2012/2013 the following organizational chart identifies staffing levels for each department.



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

(This page intentionally left blank)

INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

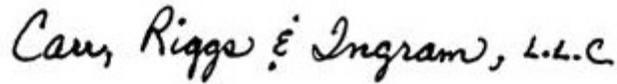
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC
Clearwater, Florida

May 20, 2014

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

The City of Gulfport's (City) Comprehensive Annual Financial Report (CAFR) was prepared in accordance with generally accepted accounting principles (GAAP) applicable to government entities. This Management's Discussion and Analysis report (MD&A) is required supplementary information (RSI) in accordance with GAAP and presents an overview of financial information included in the CAFR. The City's discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and 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 2013.
- *Liquidity* reflects the City's ability to pay current liabilities with current assets. The City maintained sufficient, prudent liquidity levels throughout FY 2013 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 2013 and at year end.
- *Debt levels and debt payments* reflect the impacts of the City's borrowing decisions. The City maintained a long standing position of having minimal outstanding debt as of September 30, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2013 by \$29,139,923 (net position). Of this amount, \$3,625,983 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental fund revenues increased by \$393,316 or 4% when compared to fiscal year 2012. Governmental fund expenditures decreased by \$83,337 or .7% during this same period.
- Operating revenues of the City's enterprise funds decreased by \$62,902 and operating expenses increased \$293,620 when compared to last year.
- The City entered a capital lease agreement to acquire equipment for the Sanitation Fund during the year. The City had no other long-term debt as of September 30, 2013.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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 exceed liabilities by \$29,139,923 (net position).

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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 5,764,196	\$ 5,442,843	\$ 1,344,553	\$ 1,159,213	\$ 7,108,749	\$ 6,602,056
Capital Assets (Net)	12,797,036	13,110,824	11,794,835	12,291,557	24,591,871	25,402,381
Total Assets	18,561,232	18,553,667	13,139,388	13,450,770	31,700,620	32,004,437
Current and other liabilities	636,158	331,634	808,504	595,773	1,444,662	927,407
Long-term Liabilities	717,821	684,509	398,214	168,222	1,116,035	852,731
Total Liabilities	1,353,979	1,016,143	1,206,718	763,995	2,560,697	1,780,138
Net Position:						
Net Investment in Capital Asse	12,797,036	13,110,824	11,794,835	12,291,557	24,591,871	25,402,381
Restricted	752,648	606,443	169,421	169,421	922,069	775,864
Unrestricted	3,657,569	3,820,257	(31,586)	225,797	3,625,983	4,046,054
Total Net Position	\$ 17,207,253	\$ 17,537,524	\$ 11,932,670	\$ 12,686,775	\$ 29,139,923	\$ 30,224,299

A large portion of the City's net position (84%) reflects its investment in capital assets (e.g., land, land improvements, buildings and equipment) net of any related debt. The City uses these capital assets to provide services to citizens and, consequently, these assets are not available for future spending.

A small portion of the City's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,625,983) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2013, 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. Total capital assets decreased by \$810,510 mainly as a result of depreciation expense greater than current year acquisition of assets. Total long term liabilities increased by \$263,304 mainly due to the addition of a capital lease in the business-type activities.

There was a \$1,084,376 decrease in the City's total net position, as compared to the previous year. Continued efforts to mitigate the shortfall of revenues necessitated the practice of transferring payment in lieu of taxes (PILOT) from the enterprise funds to the General Fund.

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	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,896,471	\$ 2,568,638	\$ 7,823,636	\$ 7,886,538	\$ 10,720,107	\$ 10,455,176
Operating Grants and Contributions	191,291	218,670	-	-	191,291	218,670
Capital Grants and Contributions	89,769	107,877	-	1,395	89,769	109,272
General Revenues:						
Property Taxes	2,632,507	2,648,014	-	-	2,632,507	2,648,014
Utility Taxes and Franchise	2,256,680	2,284,618	-	-	2,256,680	2,284,618
Sales, Use, and Other Taxes	2,274,478	2,179,549	-	-	2,274,478	2,179,549
Investment Income	4,833	19,821	1,443	3,138	6,276	22,959
Other	98,224	105,492	-	-	98,224	105,492
Total Revenues	10,444,253	10,132,679	7,825,079	7,891,071	18,269,332	18,023,750
EXPENSES						
General Government	1,421,150	1,303,256	-	-	1,421,150	1,303,256
Public Safety	5,041,989	4,876,503	-	-	5,041,989	4,876,503
Leisure Services	2,725,980	2,486,703	-	-	2,725,980	2,486,703
Community Development / Redevelopment	851,517	787,212	-	-	851,517	787,212
Public Works	1,500,888	1,552,480	-	-	1,500,888	1,552,480
Sanitation	-	-	1,836,809	1,732,447	1,836,809	1,732,447
Water and Sewer	-	-	4,528,567	4,324,359	4,528,567	4,324,359
Marina	-	-	1,446,808	1,460,374	1,446,808	1,460,374
Total Expenses	11,541,524	11,006,154	7,812,184	7,517,180	19,353,708	18,523,334
Excess (Deficiency) Before Transfers	(1,097,271)	(873,475)	12,895	373,891	(1,084,376)	(499,584)
Transfers	767,000	1,171,715	(767,000)	(1,171,715)	-	-
Change in Net Position	(330,271)	298,240	(754,105)	(797,824)	(1,084,376)	(499,584)
Net Position - Beginning	17,537,524	17,239,284	12,686,775	13,484,599	30,224,299	30,723,883
Net Position - Ending	\$ 17,207,253	\$ 17,537,524	\$ 11,932,670	\$ 12,686,775	\$ 29,139,923	\$ 30,224,299

Normal Impacts

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

Revenues

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

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

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, Leisure Services, and Redevelopment, etc.), individual programs may be added or deleted to meet changing community needs.

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

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

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

Current Year Impacts

Governmental activities program revenues increased by \$282,346 and general revenues increased by \$29,228 in FY 2013. The City’s increased millage rate provided appropriate levels of revenue to cover costs to provide the same level of service to citizens. The greatest increase was from user charges for services of \$327,833 over the prior year mostly in leisure services activities. Returns available from investments continue to remain low as the Federal Reserve continued to hold the prime rate at record low rates in response to a sluggish economy.

Operating and capital grants and contributions decreased by \$45,487 from the previous year. Grant monies for public safety enhancement were received from the US Department of Justice under the Community Oriented Policing Services (COPS) Grant. Under this program a full time patrol officer is funded on a declining reimbursement structure over the next several fiscal years. Small amounts in addition to the COPS grant were also received from the State of Florida for safety and training equipment. The senior center recreational programs continued to receive grant assistance from the Florida Department of Elder Affairs.

Revenues generated from charges for services for business-type activities decreased by \$64,397 over the previous fiscal year while operating expenses increased by \$295,004 resulting in a decrease in net position of \$754,105. The majority of this decrease is from the Water and Sewer Fund's increased operating expenses, which is largely due to the wholesale water and sewer fee increases on potable water and sewer treatment from the City of St. Petersburg. The City chose not pass along the rate increase to the customer in FY 2013 and absorbed the expense.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the year-end September 30, 2013, the governmental funds reported a combined fund balance of \$5.082 million, which is a .7% increase when compared to the previous year (\$5.046 million). As of fiscal year end, the expenditures exceeded the revenues in all governmental funds by \$730,767.

The Governmental Accounting Standards Board ("GASB") issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB-54"). One objective of this standard was to improve, including the understandability, the usefulness of fund balance information by providing clear classifications. GASB 54 established five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned. In accordance with GASB 54, the City's fund balances are allocated as follows: non-spendable for prepaid items and inventories of \$40,313, restricted for various purposes \$752,648, assigned for various purposes \$73,202, and unassigned of \$4,216,262.

The General Fund is the chief operating fund of the City. The General Fund had a total fund balance of \$4,317,804 at year end 2013. Out of this total fund balance \$4,216,262 is unassigned, and is available for unforeseen emergencies and is considered necessary for the City. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40.5% of the total general fund expenditures, while total fund balance represents 41.4% of that same amount.

The General Fund completed the fiscal year with a decrease to fund balance of \$245,695. General Fund expenditures increased by \$512,500 over the prior fiscal year, primarily due to increased costs in employee benefits.

The Capital Projects Fund is used to account for the proceeds and use of the Penny for Pinellas or One-Cent sales tax funding for capital projects within the County. The Capital Projects Fund finished the fiscal year with a net increase to fund balance of \$168,616. This minimal increase in fund balance shows that the City is prudently budgeting these funds for City projects. This current citizen-voted initiative expires in 2020.

Enterprise Funds

The City's enterprise funds include the City's Sanitation, Water and Sewer Fund, and Marina Fund. Total net position for the enterprise funds decreased by \$754,105 from the prior year. This was largely due to the continued practice of transferring payment in lieu of taxes from the enterprise funds to the General Fund. Each of the enterprise funds is to be reviewed and analyzed as a separate and distinct business, thus the following commentary focuses on each fund.

The Sanitation Fund is used to account for the operations of the City's solid waste utility. The Sanitation Fund had a decrease in net position of \$273,457 which is similar to the decrease in the prior year. During fiscal year 2013, the City continued its efforts to move towards a single driver, side loader pick-up operation. A reduction in contracted service costs resulted from the increased level of automation.

The Water and Sewer Fund is used to account for the operations of the City's water, sewer and stormwater utility. The Water and Sewer Fund had a decrease in net position of \$299,805. The decrease in net position was not as great as in the prior year mostly due to decreased PILOT paid into the General Fund.

See Table 14 within the Statistical Section of the CAFR where water volume sales are detailed over the past ten years. Sales volumes began to decline with the downturn in the housing market and subsequent economical decline beginning in 2008.

The Marina Fund is used to account for the operations of the City's marina. The Marina Fund had a decrease in net position of \$180,843 which is in line with the decrease experienced in the prior year. Total revenues for the Marina Fund operations continue to be hindered by the economic downturn over the last few years. The Marina Fund's PILOT to the General Fund has been reduced to \$300,000 from \$375,000 due to this reduction of revenue.

BUDGETARY HIGHLIGHTS – GENERAL FUND

Final budgeted expenditures for the General Fund increased by \$60,365 over the amount originally budgeted for fiscal year 2013. The majority of this increase was for additional public safety expenditures for additional police operational costs covered by additional grant funding from a U. S. Department of Justice grant.

Actual fiscal year 2013 expenditures for the General Fund were less than final budgeted expenditures by \$78,594. The largest savings for 2013 was in personnel and benefit costs resulting from vacant positions in several departments left open throughout the year under the Manager's direction to eliminate personnel where possible. Costs for public safety activities were impacted primarily by personal services costs including overtime and additional expenditures offset by grant reimbursements from other agencies. Within the fire department overtime costs increased substantially as the City was required to maintain staffing of four personnel twenty four hours a day on the fire apparatus under more stringent requirements of the ISO rating agency.

GENERAL FUND For the Year Ended September 30, 2013

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,401,002	\$ 1,403,807	\$ 2,805
Public Safety	4,654,145	4,715,684	61,539
Leisure Services	2,511,835	2,511,703	(132)
Community Development / Redevelopment	425,058	432,275	7,217
Public Works	1,448,981	1,437,917	(11,064)
Transfers Out	65,000	65,000	-
	<u>\$ 10,506,021</u>	<u>\$ 10,566,386</u>	<u>\$ 60,365</u>

Expenditures	<u>Actual</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,352,445	\$ 1,403,807	\$ (51,362)
Public Safety	4,846,671	4,715,684	130,987
Leisure Services	2,448,465	2,511,703	(63,238)
Community Development / Redevelopment	432,524	432,275	249
Public Works	1,342,687	1,437,917	(95,230)
Transfers Out	65,000	65,000	-
	<u>\$ 10,487,792</u>	<u>\$ 10,566,386</u>	<u>\$ (78,594)</u>

CAPITAL ASSETS

As of September 30, 2013, the City had \$24,591,871 invested in a variety of capital assets, as compared to \$25,402,381 as of September 30, 2012. This represents a net decrease of \$810,510 or 3% from the prior year. Governmental activities contributed 39% of this decrease while business-type activities contributed 61%. No significant projects or acquisitions were made during the year. Depreciation remained consistent with the prior year; however, depreciation was greater than the acquisition of additional capital assets in the current year resulting in the overall decrease.

CAPITAL ASSETS

As of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2013	2012	2013	2012	2013	2012
Land	\$ 592,072	\$ 592,072	\$ 20,000	\$ 20,000	\$ 612,072	\$ 612,072
Construction in Progress	-	-	118,522	68,905	118,522	68,905
Buildings	10,476,719	10,454,109	737,905	737,905	11,214,624	11,192,014
Infrastructure and Improvements	12,919,935	12,589,067	21,642,103	21,344,640	34,562,038	33,933,707
Equipment	3,958,575	3,907,821	2,678,872	2,603,565	6,637,447	6,511,386
Software	350,594	340,612	49,410	49,410	400,004	390,022
	28,297,895	27,883,681	25,246,812	24,824,425	53,544,707	52,708,106
Less: Accumulated Depreciation	(15,500,859)	(14,772,857)	(13,451,977)	(12,532,868)	(28,952,836)	(27,305,725)
Capital Assets, net	<u>\$ 12,797,036</u>	<u>\$ 13,110,824</u>	<u>\$ 11,794,835</u>	<u>\$ 12,291,557</u>	<u>\$ 24,591,871</u>	<u>\$ 25,402,381</u>

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

LONG TERM DEBT

During 2013, the City entered into a capital lease agreement to obtain equipment for their solid waste utility operation. Prior to that, the City had no outstanding long term debt. Business-type activities had \$220,778 in outstanding long term debt while the governmental activities remains free of long term debt at September 30, 2013.

LONG TERM DEBT

As of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2013	2012	2013	2012	2013	2012
Capital Leases	\$ -	\$ -	\$ 220,778	\$ -	\$ 220,778	\$ -

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

ECONOMIC FACTORS AND YEAR 2014 BUDGETS AND RATES

The continued declines in revenue collections from property taxes, stagnant growth in the economy and historically high unemployment as was the case for the last three budget years persists as the main factors or considerations in preparing the City of Gulfport's budget for fiscal year 2014. Gulfport, like many other local governments, primarily relies on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, occupational licenses, etc.) to fund governmental activities. In addition, there are a limited number of state-shared revenues and recurring and one-time grants from both the state and federal governments. Most of these economy-driven revenue sources were forecast or projected to have little or no growth in the fiscal year 2014 budget. The budget development process for FY 2014 was focused on the City's ability to fund present and future levels of General Fund operations and services.

Key Factors considered in preparing the City of Gulfport's budget for fiscal year 2014 include:

- FY 2014 property tax revenues remained constant with the adoption of 4.039 mills which represents no increase over the prior year.
- Enterprise funds' PILOT transfers to the General Fund to offset diminished recurring revenues.
- City-wide salary increases (COLA) of 2%.
- Increase of 9.6% in total employee health insurance costs City-wide.

The City's water, sewer and stormwater utility increased its rates effective October 1, 2013. These increased rates were implemented to help offset the increase in wholesale water costs the City had previously been absorbing.

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 Administrative Services Director at City Hall at 2401 53rd Street South, Gulfport, Florida 33707, telephone (727) 893-1014.

Basic Financial Statements

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

(This page intentionally left blank)

CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION
September 30, 2013

	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,970,184	\$ 343,328	\$ 4,313,512
Investments	13,346	6,637	19,983
Restricted Cash and Investments	752,648	603,771	1,356,419
Receivables (net)	300,164	910,894	1,211,058
Internal Balances	641,928	(641,928)	-
Inventories	25,321	109,102	134,423
Prepaid Items	14,992	12,749	27,741
Pension Asset	45,613	-	45,613
Capital Assets:			
Capital Assets not Being Depreciated	592,072	138,522	730,594
Capital Assets Being Depreciated and Amortized (Net)	12,204,964	11,656,313	23,861,277
Total Capital Assets	<u>12,797,036</u>	<u>11,794,835</u>	<u>24,591,871</u>
Total Assets	<u>18,561,232</u>	<u>13,139,388</u>	<u>31,700,620</u>
LIABILITIES			
Accounts Payable	460,122	488,024	948,146
Liabilities Payable from Restricted Assets	-	202,414	202,414
Accrued Liabilities	131,312	33,163	164,475
Due to Other Governments	8,373	84,903	93,276
Deposits	36,351	-	36,351
Long-term Liabilities:			
Due Within One Year	216,046	93,179	309,225
Due in More Than One Year	501,775	305,035	806,810
Total Liabilities	<u>1,353,979</u>	<u>1,206,718</u>	<u>2,560,697</u>
NET POSITION			
Net Investment in Capital Assets	12,797,036	11,794,835	24,591,871
Restricted			
Sewer Projects	-	169,421	169,421
Capital Projects	573,228	-	573,228
Library Projects	62,783	-	62,783
Public Safety	81,895	-	81,895
Other Special Projects	34,742	-	34,742
Unrestricted (deficit)	<u>3,657,569</u>	<u>(31,586)</u>	<u>3,625,983</u>
Total Net Position	<u>\$ 17,207,253</u>	<u>\$ 11,932,670</u>	<u>\$ 29,139,923</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, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,421,150	\$ 849,930	\$ 1,128	\$ -
Public Safety	5,041,989	1,078,318	16,602	89,769
Leisure Services	2,725,980	634,851	173,561	-
Community Development/Redevelopment	851,517	-	-	-
Public Works	<u>1,500,888</u>	<u>333,372</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>11,541,524</u>	<u>2,896,471</u>	<u>191,291</u>	<u>89,769</u>
Business-type Activities:				
Sanitation	1,836,809	2,029,652	-	-
Water and Sewer	4,528,567	4,253,150	-	-
Marina	<u>1,446,808</u>	<u>1,540,834</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>7,812,184</u>	<u>7,823,636</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 19,353,708</u>	<u>\$ 10,720,107</u>	<u>\$ 191,291</u>	<u>\$ 89,769</u>

General Revenues:
Property Tax
Sales Tax
Infrastructure Surtax
Public Service Tax
Gas Tax
State Revenue Sharing
Other Taxes
Franchise Fees
Investment Income
Miscellaneous
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
\$ (570,092)	\$ -	\$ (570,092)
(3,857,300)	-	(3,857,300)
(1,917,568)	-	(1,917,568)
(851,517)	-	(851,517)
<u>(1,167,516)</u>	<u>-</u>	<u>(1,167,516)</u>
<u>(8,363,993)</u>	<u>-</u>	<u>(8,363,993)</u>
-	192,843	192,843
-	(275,417)	(275,417)
<u>-</u>	<u>94,026</u>	<u>94,026</u>
<u>-</u>	<u>11,452</u>	<u>11,452</u>
<u>(8,363,993)</u>	<u>11,452</u>	<u>(8,352,541)</u>
2,632,507	-	2,632,507
658,037	-	658,037
1,021,997	-	1,021,997
1,553,302	-	1,553,302
165,451	-	165,451
359,992	-	359,992
69,001	-	69,001
703,378	-	703,378
4,833	1,443	6,276
98,224	-	98,224
<u>767,000</u>	<u>(767,000)</u>	<u>-</u>
<u>8,033,722</u>	<u>(765,557)</u>	<u>7,268,165</u>
(330,271)	(754,105)	(1,084,376)
<u>17,537,524</u>	<u>12,686,775</u>	<u>30,224,299</u>
<u>\$ 17,207,253</u>	<u>\$ 11,932,670</u>	<u>\$ 29,139,923</u>

CITY OF GULFPORT, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,864,212	\$ 582,860	\$ 275,760	\$ 4,722,832
Investments	13,346	-	-	13,346
Accounts Receivable (net)	294,712	-	5,452	300,164
Due from Other Funds	689,891	-	-	689,891
Prepaid Items	14,992	-	-	14,992
Inventories	25,321	-	-	25,321
Total Assets	<u>\$ 4,902,474</u>	<u>\$ 582,860</u>	<u>\$ 281,212</u>	<u>\$ 5,766,546</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 410,527	\$ 45,875	\$ 3,720	\$ 460,122
Accrued Liabilities	129,419	-	1,893	131,312
Due to Other Funds	-	-	47,963	47,963
Due to Other Governments	8,373	-	-	8,373
Deposits Payable	36,351	-	-	36,351
Total Liabilities	<u>584,670</u>	<u>45,875</u>	<u>53,576</u>	<u>684,121</u>
Fund Balances				
Inventories and Prepaid Items	40,313	-	-	40,313
Restricted for 49th Street Redevelopment	-	-	4,978	4,978
Restricted for Library	-	-	62,783	62,783
Restricted for Public Safety	-	-	81,895	81,895
Restricted for Infrastructure	-	536,985	31,265	568,250
Restricted for Other Special Projects	34,742	-	-	34,742
Assigned for Other Projects	26,487	-	-	26,487
Assigned for Waterfront Redevelopment	-	-	46,715	46,715
Unassigned	4,216,262	-	-	4,216,262
Total Fund Balances	<u>4,317,804</u>	<u>536,985</u>	<u>227,636</u>	<u>5,082,425</u>
Total Liabilities and Fund Balances	<u>\$ 4,902,474</u>	<u>\$ 582,860</u>	<u>\$ 281,212</u>	<u>\$ 5,766,546</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, 2013

Total fund balances of governmental funds		\$ 5,082,425
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 \$28,297,895, and the accumulated depreciation and amortization is \$15,500,859.		12,797,036
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:		
Other postemployment benefits	(168,581)	
Compensated absences	(549,240)	
		(717,821)
The pension asset resulting from contributions in excess of the annual required contribution is not a current financial resource and therefore is not reported in governmental funds.		45,613
Total net position of governmental activities		\$ 17,207,253

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, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 4,883,565	\$ 1,021,997	\$ 171,073	\$ 6,076,635
Permits and Fees	290,664	-	-	290,664
Intergovernmental Revenues	1,696,597	-	-	1,696,597
Charges for Services	1,701,484	-	18,855	1,720,339
Fines and Forfeitures	312,754	-	97,906	410,660
Investment Income	4,833	-	-	4,833
Miscellaneous Revenues	260,200	88	2,792	263,080
Total Revenues	<u>9,150,097</u>	<u>1,022,085</u>	<u>290,626</u>	<u>10,462,808</u>
EXPENDITURES				
Current:				
General Government	1,352,445	-	-	1,352,445
Public Safety	4,846,671	-	16,011	4,862,682
Leisure Services	2,448,465	1,359	23,476	2,473,300
Community Development/ Redevelopment	432,524	-	202,827	635,351
Public Works	1,342,687	-	-	1,342,687
Capital Outlay	-	527,110	-	527,110
Total Expenditures	<u>10,422,792</u>	<u>528,469</u>	<u>242,314</u>	<u>11,193,575</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,272,695)</u>	<u>493,616</u>	<u>48,312</u>	<u>(730,767)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers In	1,092,000	-	65,000	1,157,000
Transfers (Out)	(65,000)	(325,000)	-	(390,000)
Total Other Financing Sources and (Uses)	<u>1,027,000</u>	<u>(325,000)</u>	<u>65,000</u>	<u>767,000</u>
Net Change in Fund Balances	(245,695)	168,616	113,312	36,233
Fund Balances - Beginning	<u>4,563,499</u>	<u>368,369</u>	<u>114,324</u>	<u>5,046,192</u>
Fund Balances - Ending	<u>\$ 4,317,804</u>	<u>\$ 536,985</u>	<u>\$ 227,636</u>	<u>\$ 5,082,425</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, 2013

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

Net change in fund balances - total governmental funds	\$	36,233
<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 cost of depreciation and amortization (\$972,608) exceeds capital purchases (\$658,820).</p>		
		(313,788)
<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		2,461
Other postemployment benefits		(35,773)
Pension asset		<u>(849)</u>
		(34,161)
<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>		
		<u>(18,555)</u>
Change in net position of governmental activities	\$	<u>(330,271)</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, 2013

	Business-type Activities - Enterprise Funds			
	Sanitation	Water And Sewer	Marina	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 178,244	\$ 78,673	\$ 86,411	\$ 343,328
Investments	3,059	2,775	803	6,637
Restricted Assets:				
Cash Held for Customer Deposits	-	142,534	59,880	202,414
Cash Held for Capital Equipment	231,936	-	-	231,936
Cash Held for Sewer Impact Fees	-	169,421	-	169,421
Accounts Receivable (net)	210,891	461,949	238,054	910,894
Inventories	-	79,276	29,826	109,102
Prepaid Items	-	11,749	1,000	12,749
Total Current Assets	624,130	946,377	415,974	1,986,481
Noncurrent Assets:				
Capital Assets:				
Land	-	-	20,000	20,000
Buildings	230,746	411,965	95,194	737,905
Infrastructure and Improvements	295,053	17,119,601	4,227,449	21,642,103
Equipment and Machinery	1,800,378	822,186	56,308	2,678,872
Software	12,167	36,274	969	49,410
Construction in Progress	-	-	118,522	118,522
Less: Accumulated Depreciation and Amortization	(1,496,970)	(9,161,734)	(2,793,273)	(13,451,977)
Total Capital Assets (Net)	841,374	9,228,292	1,725,169	11,794,835
Total Noncurrent Assets	841,374	9,228,292	1,725,169	11,794,835
Total Assets	1,465,504	10,174,669	2,141,143	13,781,316

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION - Continued
PROPRIETARY FUNDS
September 30, 2013

	Business-type Activities - Enterprise Funds			
	Sanitation	Water and Sewer	Marina	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 67,301	\$ 364,681	\$ 56,042	\$ 488,024
Accrued Liabilities	20,620	8,435	4,108	33,163
Due to Other Funds	-	263,294	378,634	641,928
Due to Other Governments	-	79,380	5,523	84,903
Liabilities Payable from Restricted Assets - Deposits	-	142,534	59,880	202,414
Capital Lease Payable	45,086	-	-	45,086
Compensated Absences Payable	20,961	19,962	7,170	48,093
Total Current Liabilities	<u>153,968</u>	<u>878,286</u>	<u>511,357</u>	<u>1,543,611</u>
Noncurrent Liabilities:				
Other Postemployment Benefits	20,859	13,200	3,348	37,407
Capital Lease Payable	175,692	-	-	175,692
Compensated Absences Payable	38,335	36,326	17,275	91,936
Total Noncurrent Liabilities	<u>234,886</u>	<u>49,526</u>	<u>20,623</u>	<u>305,035</u>
Total Liabilities	<u>388,854</u>	<u>927,812</u>	<u>531,980</u>	<u>1,848,646</u>
NET POSITION				
Net Investment in Capital Assets	841,374	9,228,292	1,725,169	11,794,835
Restricted for Sewer Projects	-	169,421	-	169,421
Unrestricted (Deficit)	235,276	(150,856)	(116,006)	(31,586)
Total Net Position	<u>\$ 1,076,650</u>	<u>\$ 9,246,857</u>	<u>\$ 1,609,163</u>	<u>\$ 11,932,670</u>

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, 2013

	Business-type Activities - Enterprise Funds			
	Sanitation	Water And Sewer	Marina	Total
Operating Revenues:				
Charges for Services	\$ 2,022,957	\$ 4,253,150	\$ 1,540,834	\$ 7,816,941
Miscellaneous Revenues	6,695	-	-	6,695
Total Operating Revenues	<u>2,029,652</u>	<u>4,253,150</u>	<u>1,540,834</u>	<u>7,823,636</u>
Operating Expenses:				
Personal Services	711,795	556,393	182,693	1,450,881
Contracted Services	392,598	2,703,195	7,689	3,103,482
Supplies and Materials	69,057	96,895	746,956	912,908
Repairs and Maintenance	273,926	71,277	21,060	366,263
Administrative Overhead	213,324	417,520	167,934	798,778
Other Services and Charges	49,584	92,542	109,491	251,617
Depreciation	125,588	589,985	210,810	926,383
Total Operating Expenses	<u>1,835,872</u>	<u>4,527,807</u>	<u>1,446,633</u>	<u>7,810,312</u>
Operating Income (Loss)	<u>193,780</u>	<u>(274,657)</u>	<u>94,201</u>	<u>13,324</u>
Nonoperating Revenues (Expenses):				
Investment Income	700	612	131	1,443
Interest Expense	(937)	(760)	(175)	(1,872)
Total Nonoperating Revenues (Expenses)	<u>(237)</u>	<u>(148)</u>	<u>(44)</u>	<u>(429)</u>
Income (Loss) Before Contributions and Transfers	193,543	(274,805)	94,157	12,895
Transfers In	-	300,000	25,000	325,000
Transfers (Out)	(467,000)	(325,000)	(300,000)	(1,092,000)
Change in Net Position	<u>(273,457)</u>	<u>(299,805)</u>	<u>(180,843)</u>	<u>(754,105)</u>
Total Net Position - Beginning	<u>1,350,107</u>	<u>9,546,662</u>	<u>1,790,006</u>	<u>12,686,775</u>
Total Net Position - Ending	<u>\$ 1,076,650</u>	<u>\$ 9,246,857</u>	<u>\$ 1,609,163</u>	<u>\$ 11,932,670</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, 2013

	Business-type Activities - Enterprise Funds			
	Sanitation	Water And Sewer	Marina	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,056,217	\$ 4,290,970	\$ 1,598,684	\$ 7,945,871
Payments to Suppliers	(962,157)	(3,276,625)	(992,088)	(5,230,870)
Payments to Employees	(702,946)	(554,780)	(180,448)	(1,438,174)
Net Cash Provided by Operating Activities	<u>391,114</u>	<u>459,565</u>	<u>426,148</u>	<u>1,276,827</u>
Cash Flows from Noncapital Financing Activities				
Transfers (to) Other Funds	(467,000)	(325,000)	(300,000)	(1,092,000)
Transfers from Other Funds	-	300,000	25,000	325,000
Net Cash (Used) In Noncapital Financing Activities	<u>(467,000)</u>	<u>(25,000)</u>	<u>(275,000)</u>	<u>(767,000)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(3,764)	(363,101)	(62,796)	(429,661)
Proceeds from Capital Lease	231,936	-	-	231,936
Payable principal payments	(11,158)	-	-	(11,158)
Payable interest payments	(937)	(760)	(175)	(1,872)
Net Cash Provided (Used) In Capital and Related Financing Activities	<u>216,077</u>	<u>(363,861)</u>	<u>(62,971)</u>	<u>(210,755)</u>
Cash Flows from Investing Activities				
Income Received from Investments	3,219	2,914	826	6,959
Net Cash Provided In Investing Activities	<u>3,219</u>	<u>2,914</u>	<u>826</u>	<u>6,959</u>
Net Increase (Decrease) in Cash and Cash Equivalents	143,410	73,618	89,003	306,031
Cash and Cash Equivalents at Beginning of Year	<u>266,770</u>	<u>317,010</u>	<u>57,288</u>	<u>641,068</u>
Cash and Cash Equivalents at End of Year	<u>\$ 410,180</u>	<u>\$ 390,628</u>	<u>\$ 146,291</u>	<u>\$ 947,099</u>

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
For The Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			
	Sanitation	Water And Sewer	Marina	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 193,780	\$ (274,657)	\$ 94,201	\$ 13,324
Depreciation	125,588	589,985	210,810	926,383
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	26,565	34,187	55,154	115,906
(Increase) Decrease in Prepaid Items	-	(117)	-	(117)
(Increase) Decrease in Inventories	-	(8,797)	8,183	(614)
Increase (Decrease) in Accounts Payable	36,332	109,866	52,403	198,601
Increase (Decrease) in Due to Other Governments	-	3,852	456	4,308
Increase (Decrease) in OPEB	5,386	2,885	769	9,040
Increase (Decrease) in Accrued Liabilities	1,620	1,262	611	3,493
Increase (Decrease) in Compensated Absences	1,843	(2,534)	865	174
Increase (Decrease) in Customer Deposits	-	3,633	2,696	6,329
Total Adjustments	<u>197,334</u>	<u>734,222</u>	<u>331,947</u>	<u>1,263,503</u>
Net Cash Provided by Operating Activities	<u>\$ 391,114</u>	<u>\$ 459,565</u>	<u>\$ 426,148</u>	<u>\$ 1,276,827</u>

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, 2013

ASSETS

Contribution Receivable	\$ 304,466
Interest Receivable	20,743
Due From Government	<u>26,487</u>
	<u>351,696</u>

Investments, at Fair Value:

Money Market Funds	396,245
Corporate Stocks	4,838,331
Fixed Income	2,637,962
Equity Mutual Funds	9,932,736
Fixed Income Mutual Funds	<u>4,998,461</u>
Total Investments	22,803,735

Total Assets	<u>23,155,431</u>
---------------------	-------------------

LIABILITIES

Accounts Payable	<u>14,652</u>
Total Liabilities	<u>14,652</u>

Net Position Restricted for Pension Benefits	<u><u>\$ 23,140,779</u></u>
---	-----------------------------

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, 2013

ADDITIONS	
Employer Contributions	\$ 1,232,762
Employee Contributions	<u>268,973</u>
Total Contributions	<u>1,501,735</u>
Investment Income	<u>2,516,913</u>
Total Contributions and Investment Income	<u>4,018,648</u>
 DEDUCTIONS	
Benefits	1,083,852
Administrative Expense	<u>220,191</u>
Total Deductions	<u>1,304,043</u>
Change in Net Position	2,714,605
Net Position - Beginning of Year	<u>20,426,174</u>
Net Position - End of Year	<u>\$ 23,140,779</u>

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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

The City is a municipal corporation governed by an elected mayor and four-member council. As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable or entities that would be misleading to exclude. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government.

Blended Component Units

The City has included the Gulfport Community Redevelopment Agency (“CRA”) in these financial statements. The City Council 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. 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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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, and long-term liabilities. 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, leisure services, 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 expenditures/expenses or capital expenditures/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, Library Fund, Law Enforcement Trust, and Waterfront Redevelopment District as non-major funds.

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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 funds from the Gulfport Public Library Foundation, and the Law Enforcement Trust to account for forfeiture proceeds restricted in use by Florida Statutes.
- c) **Capital Projects Fund** – The City has one Capital Projects Fund which is used to account for financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of major governmental capital projects.

2. Proprietary Funds:

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

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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 and all liabilities associated with the operation of these funds are included on the statement of net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

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

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.

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, 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 amortized cost and fair value based measures because certain investments meet the GASB Statement No. 31 criteria for reporting at amortized cost. The Florida PRIME and Florida Surplus Asset Fund Trust (SAFE) are 2a7-like pools carried at amortized cost, which approximates market.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

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

Cash and Investments *(Continued)*

A 2a7-like pool is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, these pools operate essentially as a money market fund. The Fund B Surplus Funds Trust Fund (Fund B) is an external investment pool which is accounted for as a fluctuating net asset value (NAV) pool. The Fund B fair value factor at September 30, 2013 is 1.13262284 which was used to calculate the fair value of the City’s investment. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Florida PRIME and Fund B. 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.”

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

Property taxes, which were levied during fiscal year 2013 and are uncollected as of September 30, 2013, 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 that will benefit periods beyond September 30, 2013, are recorded as prepaid items. These payments are recorded as expenditures or expenses when consumed rather than when purchased.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

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

Capital Assets

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

Compensated Absences

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

Net 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, 2013

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

E. ASSETS, LIABILITIES 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 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 GASB Statement No. 54, 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 City Council can establish, modify or rescind committed fund balance 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 City Council or (b) a body or official to which the City 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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

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

Fund Balance *(Continued)*

The City intends that restricted amounts to 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 25% of the City's General Fund Budget previous year balance. The reserves 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 twenty five (25) percent budget minimum, then the City 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 twenty five (25) percent of the previous fiscal year. These additions shall continue until funds in the unassigned fund have been increased to equal at least twenty five (25) percent of the City's General Fund budget for the previous 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, Redevelopment Trusts, Law Enforcement Trust, Capital Projects, Sanitation, Water and Sewer, and Marina Funds. The Library Fund does not adopt an annual budget.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

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

Budgets and Budgetary Accounting *(Continued)*

- d) Expenditures may not legally exceed appropriations at the departmental level.
- e) The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within a department or district. Any revisions that alter the total expenditures of any department or fund must be approved by the City Council. The City Council may, by resolution, transfer any unencumbered appropriation balance, or portion thereof, from one office or department 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, Special Revenue, Capital Projects and Enterprise Funds. Budgets for the governmental funds are adopted using a basis consistent with GAAP.
- g) Subsequent Appropriations - Supplemental appropriations were necessary for the General Fund, Waterfront Redevelopment District Special Revenue Fund, 49th Street Redevelopment District Special Revenue Fund, Law Enforcement Trust, Capital Projects Fund, and the Water and Sewer Fund.

F. ENCUMBRANCES

Encumbrances represent contractual commitments in the form of purchase orders and contracts relating to governmental funds. Such encumbrances are not recorded as expenditures, but rather as 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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

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, 2013 was 4.039 mills.

The tax levy of the City is established by the City 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 payable to external parties.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 2 - CASH, POOLED CASH, AND INVESTMENTS

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

Cash and Pooled Cash

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

Deposits

At September 30, 2013, the bank balance of the City's cash deposit accounts was \$3,343,889 and the carrying amount of the demand deposits and cash on hand was \$2,075,092. 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.

The City adopted its own investment policy that also authorizes the City to invest in the following: a) Florida Municipal Investment Trust Funds; b) Securities and Exchange Commission 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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

Investments *(Continued)*

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 and 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’s investments carried at fair value as of September 30, 2013, are as follows:

	Fair Value	Weighted Average Maturity	Credit Rating
Florida Surplus Asset Fund Trust	\$ 2,013,648	35 days (1)	S&P AAAm
Florida PRIME	41,461	44 days (1)	S&P AAAm
Fund B Surplus Funds Trust Fund	19,983	see below (2)	not rated
Total Investments	\$ 2,075,092		

- (1) The weighted average maturity does not exceed 60 days in accordance with S&P guidelines.
- (2) The weighted average life at September 30, 2013 is 4.04 years.

Interest Rate Risk - In compliance with the City’s investment policy, as of September 30, 2013, 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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2013

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

Investments (Continued)

Credit Risk - In compliance with the City's Investment Policy, as of September 30, 2013, 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.

General Employees' Pension Fund

Deposits

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.

Investments

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 as of September 30, 2013:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Money Market Funds	\$ 161,585	n/a	n/a
Equity Mutual Funds	8,142,464	n/a	n/a
Fixed Income Mutual Funds	4,123,323	6.45 yrs	AA-
Total Investments	<u>\$ 12,427,372</u>		

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, 2013

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

Police Pension Fund

Deposits

The Fifth Third Bank 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.

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 fixed investments as of September 30, 2013:

	Fair Value	Weighted Average Maturity	Credit Rating
Money Market Funds	\$ 158,787	n/a	n/a
Common Stock	3,683,635	n/a	n/a
Fixed Income	2,637,962	7.2 yrs	A+
Equity Mutual Funds	1,090,908	n/a	n/a
Total Investments	<u>\$ 7,571,292</u>		

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 mutual bond funds and short-term money market-type funds that can be liquidated immediately.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

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

Firefighters' Pension Fund

Deposits

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.

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 fixed investments as of September 30, 2013:

	Fair Value	Weighted Average Maturity	Credit Rating
Money Market Funds	\$ 75,873	n/a	n/a
Common Stock	1,154,696	n/a	n/a
Equity Mutual Funds	699,364	n/a	n/a
Fixed Income Mutual Funds	875,138	6.45 yrs	AA-
Total Investments	\$ 2,805,071		

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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Receivable:			
Billed	\$ 103,826	\$ 954,645	\$ 1,058,471
Unbilled	8,806	271,468	280,274
Payroll Advance	6,630	3,035	9,665
Code Enforcement Liens	248,555	-	248,555
Total Receivables	367,817	1,229,148	1,596,965
Allowance for Uncollectibles	(67,653)	(318,254)	(385,907)
Net Total Receivables	\$ 300,164	\$ 910,894	\$ 1,211,058

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers consist of the following for the year ended September 30, 2013:

Fund	Transfers In	Transfers Out
General	\$ 1,092,000	\$ 65,000
Capital Projects	-	325,000
Sanitation	-	467,000
Water and Sewer	300,000	325,000
Marina	25,000	300,000
Nonmajor Funds:		
49th Street Redevelopment District	65,000	-
Total	\$ 1,482,000	\$ 1,482,000

The transfers out made by the Marina, Sanitation, and Water and Sewer funds to the General Fund represent payments in lieu of taxes. The transfer from the General Fund to the 49th Street Redevelopment District is to fund capital projects.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS *(Continued)*

Interfund payables and receivables consist of the following for the year ended September 30, 2013:

Fund	Due From	Due To
General	\$ 689,891	\$ -
Water and Sewer	-	263,294
Marina	-	378,634
Nonmajor Funds:		
49th Street Redevelopment District	-	47,963
	\$ 689,891	\$ 689,891

Interfund balances between the General Fund and other funds are to cover payments made by the General Fund to be reimbursed in the next fiscal year.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2013 was as follows:

	Beginning Balance 10/1/2012	Additions	Deletions	Ending Balance 9/30/2013
Governmental Activities:				
Non-depreciated Assets:				
Land	\$ 592,072	\$ -	\$ -	\$ 592,072
Depreciated and Amortized Assets:				
Buildings	10,454,109	22,610	-	10,476,719
Infrastructure and Improvements	12,589,067	330,868	-	12,919,935
Equipment	3,907,821	295,360	(244,606)	3,958,575
Software	340,612	9,982	-	350,594
Total Capital Assets at Historical Cost	27,883,681	658,820	(244,606)	28,297,895
Less Accumulated Depreciation and Amortization for:				
Buildings	3,649,322	263,900	26,615	3,939,837
Infrastructure and Improvements	8,094,025	481,327	6,892	8,582,244
Equipment	2,744,609	219,097	(278,113)	2,685,593
Software	284,901	8,284	-	293,185
Total Accumulated Depreciation and Amortization	14,772,857	972,608	(244,606)	15,500,859
Governmental Activities				
Capital Assets, Net	\$ 13,110,824	\$ (313,788)	\$ -	\$ 12,797,036

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 5 - CAPITAL ASSETS *(Continued)*

Business-Type Activities:	Beginning Balance 10/1/2012	Additions	Deletions	Ending Balance 9/30/2013
Non-depreciated Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in Progress	68,905	49,617	-	118,522
Depreciated and Amortized Assets:				
Buildings	737,905	-	-	737,905
Infrastructure and Improvements	21,344,640	297,463	-	21,642,103
Equipment	2,603,565	82,581	(7,274)	2,678,872
Software	49,410	-	-	49,410
Total at Historical Cost	<u>24,824,425</u>	<u>429,661</u>	<u>(7,274)</u>	<u>25,246,812</u>
Less Accumulated Depreciation and Amortization for:				
Buildings	562,108	9,629	-	571,737
Infrastructure and Improvements	10,444,156	767,391	-	11,211,547
Equipment	1,477,194	149,363	(7,274)	1,619,283
Software	49,410	-	-	49,410
Total Accumulated Depreciation and Amortization	<u>12,532,868</u>	<u>926,383</u>	<u>(7,274)</u>	<u>13,451,977</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,291,557</u>	<u>\$ (496,722)</u>	<u>\$ -</u>	<u>\$ 11,794,835</u>

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

General Government	\$ 66,550
Public Safety	184,420
Leisure Services	265,282
Community Development/ Redevelopment	216,738
Public Works	239,618
	<u>\$ 972,608</u>

Depreciation and amortization was charged to business-type activities: \$125,588 to sanitation, \$589,985 to water and sewer, and \$210,810 to marina.

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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 6 - RISK MANAGEMENT *(Continued)*

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 a capital lease, accrued compensated absences and liability for other postemployment benefits. The change in long term liabilities is as follows:

	Balance 10/1/2012	Additions	Deletions	Balance 9/30/2013	Due in One Year
Governmental Activities:					
Compensated Absences	\$ 551,701	\$ 425,750	\$ (428,211)	\$ 549,240	\$ 216,046
Other Postemployment Benefits	132,808	35,773	-	168,581	-
	<u>\$ 684,509</u>	<u>\$ 461,523</u>	<u>\$ (428,211)</u>	<u>\$ 717,821</u>	<u>\$ 216,046</u>
Business-Type Activities:					
Compensated Absences	\$ 139,855	\$ 106,712	\$ (106,538)	\$ 140,029	\$ 48,093
Capital Lease	-	231,936	(11,158)	220,778	45,086
Other Postemployment Benefits	28,367	9,040	-	37,407	-
	<u>\$ 168,222</u>	<u>\$ 347,688</u>	<u>\$ (117,696)</u>	<u>\$ 398,214</u>	<u>\$ 93,179</u>

Governmental activities compensated absences and other post employment benefits will be liquidated in future periods primarily by the General Fund.

During the year, the City entered into a capital lease agreement for the acquisition of equipment. The equipment was not received until the next year, and the funds are being held in escrow as restricted in the Sanitation Fund. Future minimum lease payments are as follows:

FY Ending	Principal	Interest (2.52% rate)
2014	\$ 45,086	\$ 3,292
2015	45,818	2,560
2016	46,562	1,815
2017	47,318	1,059
2018	35,994	291
	<u>\$ 220,778</u>	<u>\$ 9,017</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 8 - PENSION PLANS

Description of Plans

Defined Benefit Plans

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 pension plans do not issue stand-alone financial reports; however, more information on each individual plan can be found in this section.

The 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 Police Pension Plan (PPP) covers all non-civilian police department employees. The Firefighters' Pension Plan (FPP) covers all firefighters. 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.

To be eligible for the GEPP, an employee must be employed on a regular, full-time basis. For PPP eligibility, an officer must be actively employed and be a certified officer. For FPP eligibility, the employee must be a full-time certified firefighter or an active member of the City's volunteer firefighter program.

The GEPP uses the entry age normal actuarial cost method, and the PPP and FPP use the frozen entry-age actuarial cost method. Both methods are intended to provide for a funding of unfunded actuarial accrued liabilities ("UAAL") and normal costs as a level percentage of payrolls over time. The annual pension cost ("APC") that the City records in its funds is the same as the annual required contribution ("ARC").

The state of Florida has established guidelines for state and local pension plan funding and requires submission to, and approval of, the local government's actuarial reports by a state bureau, at least every third year. The City's pension plans, by policy, (1) require annual actuarial reports as of October 1 of each year, (2) receive employer contributions based on the actuarially determined requirement, which includes funding from the state of Florida, as required by Florida Statute, and (3) use the same assumptions (see the following schedule) for determining the employer contribution required.

The following schedule (derived from the respective actuarial reports and City information) reflects accounting policies, membership and plan provisions, assumptions, liabilities, and funding provisions for the three pension systems as of October 1, 2013, the date of the latest actuarial valuations:

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 8 - PENSION PLANS *(Continued)*

Description of Plans *(Continued)*

	General Employees	Firefighters	Police Officers
ACCOUNTING POLICIES AND PLAN ASSETS			
Establishing and amending authority	City Ordinance	City Ordinance	City Ordinance
Basis of accounting	Accrual	Accrual	Accrual
Asset valuation reporting	4 year smooth	4 year smooth	4 year smooth
Actuarial valuation	4 year smooth	4 year smooth	4 year smooth
Covered payroll (fiscal year 9/30/2013)	\$2,637,416	\$938,173	\$1,829,669
Internal loans	None	None	None
MEMBERSHIP AND PLAN PROVISIONS			
Current active employees	61	13	28
Retirees and beneficiaries	53	21	18
Terminated - vested active participants	75	9	5
Total members	<u>189</u>	<u>43</u>	<u>51</u>
New entrants allowed	Yes	Yes	Yes
NORMAL RETIREMENT BENEFIT			
Age	62	55 (1)	55 (1)
Years to vest	5	10	10
Accrual	2.00	2.50	2.83
Maximum	100%	100%	100%
Disability benefits:			
Line of duty	None	50%	42%
Non-line of duty (maximum)	None	Accrued Benefit	Accrued Benefit
ASSUMPTIONS AND LIABILITIES			
Actuarial assumptions			
Investment return	7.5%	8%	7.75%
Payroll growth increase	0%	3%	3%
Inflation increase	0%	3%	3%
Salary increase	6%	5.5%	6%
Mortality table	RP-2000	RP-2000	RP-2000
Post retirement benefit increase	0%	0%	0%
Amortization method	(2)	(2)	(2)
Amortization period (in years)	28	30	30

Note: (1) Earlier of age 52 and 25 years of service or age 55 and 10 years of service (or completion of 30 years' service regardless of age for Firefighters)

(2) Level percentage of pay - closed

The three pension systems recognize participant benefits and refunds when these obligations become due and payable in accordance with the terms of the pension plans. Administrative costs incurred in administering the three pension plans are paid out of the respective pension plan's assets.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 8 - PENSION PLANS *(Continued)*

Description of Plans *(Continued)*

Plans covering City employees, firefighters and police officers are contributory. City employees contribute 2.7% of salary (pre-tax). Firefighters contribute 10% of the first \$1,200 of salary and 5% of salary in excess of \$1,200. Police officers contribute 8% of salary and the City contributes an additional 1% of salary in addition to the actuarially determined annual contribution.

A concentration of investments exists in the GEPP and FPP since more than 5% of each Plan's assets is invested in the trustee bank's mutual funds.

Defined Contribution Plan

In fiscal year 2000, the City Council approved Resolution 2000-90, which established a 401(a) Money Purchase Defined Contribution retirement plan for the Department Directors and City Clerk. The plan was effective October 1, 1999 with International City Management Association ("ICMA") serving as the plan administrator. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City has the authority to establish and amend provisions of the plan. The plan does not require contributions from the members. The City contributes 12% of the annual compensation of participating employees. The City Council has the authority to establish and amend contributions under the plan. For fiscal year 2013, the City contributed approximately \$61,186. Contributions made by the City were equal to the required contributions.

Three-Year Trend Information

	Fiscal Year Ended	Annual Pension Cost (APC)*	Percentage of APC Contributed	Net Pension Obligation
General Employees	09/30/13	\$ 477,445	100%	\$ -
	09/30/12	\$ 417,423	100%	\$ -
	09/30/11	\$ 477,965	100%	\$ -
Firefighters	09/30/13	\$ 220,537	100%	\$ -
	09/30/12	\$ 176,164	100%	\$ -
	09/30/11	\$ 82,780	100%	\$ -
Police Officers	09/30/13	\$ 505,098	100%	\$ (45,613)
	09/30/12	\$ 421,836	100%	\$ (46,462)
	09/30/11	\$ 292,296	100%	\$ (47,732)

* For 2013, APC includes both City and State portions for Firefighters and Police Officers.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 8 - PENSION PLANS *(Continued)*

Funded Status and Funding Progress

General Employees' Pension Plan (GEPP)

As of October 1, 2013, the GEPP Actuarial Accrued Liability (AAL) is \$12,143,781. Assets of the GEPP are valued at market and the current value is \$11,897,559, resulting in an unfunded AAL (UAAL) of \$246,222 (97.97% funded ratio). The covered payroll for the year was \$2,637,416, and the ratio of the UAAL to covered payroll was 9.34%.

Firefighters' Pension Plan (FPP)

As of October 1, 2013, the FPP Actuarial Accrued Liability (AAL) is \$2,661,066. Assets of the FPP are valued at market and the current value is \$2,704,713, resulting in an over-funded AAL (UAAL) by \$43,647 (101.64% funded ratio). The covered payroll for the year was \$938,173, and the ratio of the UAAL to covered payroll was (4.65)%.

Police Officers' Pension Plan (PPP)

As of October 1, 2013, the POPP Actuarial Accrued Liability (AAL) is \$8,020,342. Assets of the POPP are valued at market and the current value is \$7,241,451, resulting in an unfunded AAL (UAAL) of \$778,891 (90.29% funded ratio). The covered payroll for the year was \$1,829,669, and the ratio of the UAAL to covered payroll was 42.57%.

The required schedules of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing over time relative to its actuarial accrued liability for benefits.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2013

NOTE 8 - PENSION PLANS (Continued)

Contributions Required and Contributions Made

The City Commission establishes and may amend the contribution requirements of plan members and the City. The City's employer contributions for the fiscal year ended September 30, 2013, were as follows: General Employees - \$477,445, Firefighters - \$220,537, and Police Officers - \$504,259. Employer contributions for firefighters and police officers include on-behalf payments from the state of Florida related to state excise taxes collected on homeowner's insurance policies. The on-behalf payment amounts are recorded as revenue in the City's General Fund and as an operating expenditure for the amounts contributed to the pension funds. All employer contributions were in accordance with requirements determined by actuarial valuations of the Plans.

Calculation of Net Pension Obligation (Asset)

	Police Officers'
Actuarially Determined Contribution (A)	\$ 504,249
Interest on NPO	(3,717)
Adjustment to (A)	4,566
Annual Pension Cost	505,098
Contributions Made	504,249
Increase in NPO	849
NPO Beginning of Year	(46,462)
NPO End of Year	\$ (45,613)

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.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 8 - PENSION PLANS *(Continued)*

Pension Plan Financial Statements

CITY OF GULFPORT, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2013

	General			Total
	Employees' Pension	Police Officers' Pension	Firefighters' Pension	
ASSETS				
Contributions Receivable	\$ 127,267	\$ 114,800	\$ 62,399	\$ 304,466
Interest Receivable	16,310	-	4,433	20,743
Due From Government	-	-	26,487	26,487
Investments, at Fair Value:				
Money Market Funds	161,585	158,787	75,873	396,245
Common Stock	-	3,683,635	1,154,696	4,838,331
Fixed Income	-	2,637,962	-	2,637,962
Equity Mutual Funds	8,142,464	1,090,908	699,364	9,932,736
Fixed Income Mutual Funds	4,123,323	-	875,138	4,998,461
Total Investments	<u>12,427,372</u>	<u>7,571,292</u>	<u>2,805,071</u>	<u>22,803,735</u>
Total Assets	<u>12,570,949</u>	<u>7,686,092</u>	<u>2,898,390</u>	<u>23,155,431</u>
LIABILITIES				
Accounts Payable	9,103	674	4,875	14,652
Total Liabilities	<u>9,103</u>	<u>674</u>	<u>4,875</u>	<u>14,652</u>
Net Position Restricted for Pension Benefits	<u>\$ 12,561,846</u>	<u>\$ 7,685,418</u>	<u>\$ 2,893,515</u>	<u>\$ 23,140,779</u>

CITY OF GULFPORT, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For The Year Ended September 30, 2013

	General			Total
	Employees' Pension	Police Officers' Pension	Firefighters' Pension	
ADDITIONS				
Employer Contributions	\$ 479,946	\$ 525,657	\$ 227,159	\$ 1,232,762
Employee Contributions	67,492	154,378	47,103	268,973
Total Contributions	<u>547,438</u>	<u>680,035</u>	<u>274,262</u>	<u>1,501,735</u>
Investment Income	1,404,545	794,952	317,416	2,516,913
Total Contributions and Income	1,951,983	1,474,987	591,678	4,018,648
DEDUCTIONS				
Benefits	424,387	541,908	117,557	1,083,852
Administrative Expense	68,995	87,618	63,578	220,191
Total Deductions	<u>493,382</u>	<u>629,526</u>	<u>181,135</u>	<u>1,304,043</u>
Change in Net Position	1,458,601	845,461	410,543	2,714,605
Net Position - Beginning of Year	<u>11,103,245</u>	<u>6,839,957</u>	<u>2,482,972</u>	<u>20,426,174</u>
Net Position - End of Year	<u>\$ 12,561,846</u>	<u>\$ 7,685,418</u>	<u>\$ 2,893,515</u>	<u>\$ 23,140,779</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2013

NOTE 9 - DEFERRED COMPENSATION PLAN

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

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 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

Effective for the fiscal year ended September 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain post employment healthcare and life insurance benefits provided by the City. The requirements of this statement were implemented prospectively, with the actuarial accrued liability (AAL) of \$554,026 at October 1, 2012. For financial reporting purposes, no liability was reported for the postemployment healthcare benefit liability at the date of transition.

The Other Postemployment Benefit Plan (“OPEB Plan”) is a single-employer benefit plan administered by the City. Retiree’s 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 actually 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. GASB No.45 calls this the “implicit rate subsidy”.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2013

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Description (Continued)

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. The OPEB Plan does not issue a stand-alone report.

Funding Policy

For the OPEB Plan, contributions requirements of the City are established and may be amended through action of the City Council. Currently, there are 105 active participants and three retirees with two covered spouses. The City's OPEB benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no Trust Fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term investments in accordance with the investment policy and described previously. The interest rate used to calculate the present values and costs of OPEB must be the long-range expected return on those investments. The City selected an interest rate of 4.5% for this purpose.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's net obligation to the OPEB Plan:

	FY13 Valuation as of 10/1/2012
Normal Cost (service cost for one year)	\$ 39,196
Amortization of Unfunded Actuarial Accrued Liability	32,548
Interest on Normal Cost and Amortization	1,465
Annual Required Contribution (ARC)	73,209
Interest on Net OPEB Obligation	7,253
Adjustment to ARC	(9,469)
Annual OPEB Cost (Expense)	70,993
Estimated Employer Contributions Made	(26,180)
Increase/(Decrease) in Net OPEB Obligation	44,813
Net OPEB Obligation at Beginning of Year	161,175
Net OPEB Obligation at End of Year	\$ 205,988

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2013

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Calculations are based upon the types of benefits provided under the terms of the OPEB plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. The City's annual OPEB cost and related contribution information was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions toward OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 70,993	\$ 26,180	36.88%	\$ 205,988
9/30/2012	73,445	29,445	40.09%	161,175
9/30/2011	72,415	29,445	40.66%	117,175

Funded Status and Funding Progress

As of October 1, 2012, the OPEB Plan was unfunded and the AAL for benefits is \$554,026. Assets of the OPEB Plan are valued at market; however, the current value is \$0, resulting in an unfunded AAL (UAAL) of \$554,026 (0% funded ratio). The covered payroll is \$5,256,408 and the ratio of the UAAL to covered payroll is 11%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the OPEB Plan and the ARC are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations.

In any long-term actuarial valuation, certain assumptions are made regarding the population, future employment, termination, mortality, the healthcare cost trend, investment discount rates and the benefits provided. The actuarial assumptions included a payroll growth rate of 3%, inflation rate of 3%, and healthcare inflation of 9% reduced annually to an ultimate rate of 5% after five years. The remaining amortization period at September 30, 2013 was 26 years. The Normal Entry Age actuarial cost method was used, with amortization of the UAAL as a level percent of expected payroll (closed over 30 years). The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 11 - COMMITMENTS

Contractual Services

The City has a Water Purchase and Sewer Treatment Agreement with the City of St. Petersburg to acquire water and have its sewage treated at prevailing wholesale rates. During the current year, the City paid the City of St. Petersburg \$2,643,442 for these services.

Encumbrances

The General Fund had \$26,487 in outstanding encumbrances at September 30, 2013. This amount is included in assigned fund balance. The Capital Projects Fund has outstanding encumbrances of \$1,140 reported as part of the restricted fund balance.

Grants

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

Litigation

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 12 - 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, 2013

	49th Street Redevelopment District	Waterfront Redevelopment District
ASSETS		
Cash and Cash Equivalents	\$ 55,676	\$ 75,206
Accounts Receivable (net)	-	5,452
Total Assets	\$ 55,676	\$ 80,658
LIABILITIES		
Accounts Payable	\$ 1,254	\$ 2,266
Accrued Liabilities	1,481	412
Due to Other Funds	47,963	-
Total Liabilities	50,698	2,678
FUND BALANCES		
Restricted for 49th Street Redevelopment	4,978	-
Restricted for Waterfront Redevelopment	-	31,265
Assigned for Waterfront Redevelopment	-	46,715
Total Fund Balances	4,978	77,980
Total Liabilities and Fund Balances	\$ 55,676	\$ 80,658

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2013

NOTE 12 - 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, 2013

	49th Street Redevelopment District	Waterfront Redevelopment District
REVENUES		
Taxes	\$ -	\$ 171,073
Charges for Services	-	18,855
Miscellaneous Revenues	-	2,792
Total Revenues	-	192,720
EXPENDITURES		
Current:		
Community Development/Redevelopment	63,019	139,808
Total Expenditures	63,019	139,808
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,019)	52,912
OTHER FINANCING SOURCES AND (USES)		
Transfers In	65,000	-
Transfers (Out)	-	-
Total Other Financing Sources and (Uses)	65,000	-
Net Change in Fund Balances	1,981	52,912
Fund Balances - Beginning	2,997	25,068
Fund Balances - Ending	\$ 4,978	\$ 77,980

NOTE 13 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General Fund, expenditures exceeded final budgeted appropriations in the Public Safety and Community Development departments. These excesses were covered by available fund balance carried forward from the prior fiscal year. In the Capital Projects Fund, expenditures exceeded final budgeted appropriations in the Public Safety department which was covered by additional tax revenues. In the Waterfront Redevelopment District Fund, expenditures exceeded final budgeted appropriations in the Community Redevelopment department which was covered by additional tax revenues.

Required Supplementary Information

This financial statement section provides the following schedules:

Budgetary comparison schedule for

Major Fund

- General Fund

Schedules of Employer Contributions for

- Employee Retirement Plans
- Employee Other Postemployment Benefits Plan

Schedules of Funding Progress for

- Employee Retirement Plans
- Employee Other Postemployment Benefits Plan

(This page intentionally left blank)

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 5,239,795	\$ 5,239,795	\$ 4,883,565	\$ (356,230)
Permits and Fees	243,150	243,150	290,664	47,514
Intergovernmental Revenues	1,647,292	1,647,292	1,696,597	49,305
Charges for Services	1,714,658	1,714,658	1,701,484	(13,174)
Fines and Forfeitures	240,100	240,100	312,754	72,654
Investment Income	9,200	9,200	4,833	(4,367)
Miscellaneous Revenues	319,957	319,957	260,200	(59,757)
Total Revenues	<u>9,414,152</u>	<u>9,414,152</u>	<u>9,150,097</u>	<u>(264,055)</u>
EXPENDITURES				
General Government				
Legislative	275,166	272,716	278,681	5,965
Legal	87,500	94,255	94,254	(1)
Executive	306,924	310,549	271,853	(38,696)
Financial	416,398	401,771	389,857	(11,914)
Human Resources	93,461	88,573	82,586	(5,987)
Information Technology	221,553	235,943	235,214	(729)
Total	<u>1,401,002</u>	<u>1,403,807</u>	<u>1,352,445</u>	<u>(51,362)</u>
Public Safety				
Fire	1,331,895	1,331,895	1,419,762	87,867
Police	3,322,250	3,383,789	3,426,909	43,120
Total	<u>4,654,145</u>	<u>4,715,684</u>	<u>4,846,671</u>	<u>130,987</u>
Leisure Services				
Library	536,680	536,680	513,016	(23,664)
Office of Director	63,450	59,632	57,671	(1,961)
Elderly Mobility Service	134,790	103,297	102,017	(1,280)
Recreation Center	458,045	459,231	460,097	866
Casino	316,930	334,895	337,191	2,296
Theater	118,119	122,206	122,159	(47)
Parks	691,248	696,048	657,784	(38,264)
Senior Center	192,573	199,714	198,530	(1,184)
Total	<u>2,511,835</u>	<u>2,511,703</u>	<u>2,448,465</u>	<u>(63,238)</u>
Community Development				
Planning & Development	179,711	152,045	153,150	1,105
Building Inspections	245,347	280,230	279,374	(856)
Total	<u>425,058</u>	<u>432,275</u>	<u>432,524</u>	<u>249</u>

Continued

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE - Continued
GENERAL FUND
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Works				
Building Maintenance	\$ 246,549	\$ 246,549	\$ 245,691	\$ (858)
Central Garage	622,395	622,395	570,112	(52,283)
Office of Director	128,745	135,745	127,188	(8,557)
Streets	451,292	433,228	399,696	(33,532)
Total	<u>1,448,981</u>	<u>1,437,917</u>	<u>1,342,687</u>	<u>(95,230)</u>
Total Expenditures	<u>10,441,021</u>	<u>10,501,386</u>	<u>10,422,792</u>	<u>(78,594)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,026,869)</u>	<u>(1,087,234)</u>	<u>(1,272,695)</u>	<u>(185,461)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers In	1,092,000	1,092,000	1,092,000	-
Transfers (Out)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>1,027,000</u>	<u>1,027,000</u>	<u>1,027,000</u>	<u>-</u>
Net Change in Fund Balance	131	(60,234)	(245,695)	(185,461)
Fund Balance - Beginning	<u>(131)</u>	<u>60,234</u>	<u>4,563,499</u>	<u>4,503,265</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,317,804</u>	<u>\$ 4,317,804</u>

CITY OF GULFPORT, FLORIDA
EMPLOYEE RETIREMENT PLANS
SCHEDULES OF EMPLOYER CONTRIBUTIONS

General Employees' Pension Trust Fund

Year Ended September 30	Annual Required Contribution	Employer Contribution	Percentage Contributed
2013	\$ 477,445	\$ 479,946	100.52%
2012	417,423	417,423	100.00%
2011	477,965	477,965	100.00%
2010	400,230	400,232	100.00%
2009	298,530	298,530	100.00%
2008	307,287	307,287	100.00%

Police Officers' Retirement Trust Fund

Year Ended September 30	Annual Required Contribution	Employer Contribution	Percentage Contributed
2013	\$ 504,249	\$ 504,249	100.00%
2012	420,566	420,566	100.00%
2011	370,917	370,917	100.00%
2010	272,869	272,870	100.00%
2009	249,141	249,141	100.00%
2008	289,234	289,234	100.00%

Firefighters' Retirement Trust Fund

Year Ended September 30	Annual Required Contribution	Employer Contribution	Percentage Contributed
2013	\$ 220,537	\$ 220,537	100.00%
2012	176,164	176,164	100.00%
2011	163,527	163,527	100.00%
2010	165,102	165,102	100.00%
2009	98,246	138,881	141.36%
2008	84,563	105,316	124.61%

**CITY OF GULFPORT, FLORIDA
EMPLOYEE RETIREMENT PLANS
SCHEDULES OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		(AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
General Employees' Pension Trust Fund						
10/01/13	\$ 11,897,559	\$ 12,143,781	\$ 246,222	98.0%	\$ 2,637,416	9.3%
10/01/12	10,875,712	11,789,309	913,597	92.3%	2,635,472	34.7%
10/01/11	10,385,632	11,406,495	1,020,863	91.1%	2,719,159	37.5%
10/01/10	10,412,695	10,947,296	534,601	95.1%	2,909,604	18.4%
10/01/09	10,064,317	10,908,842	844,525	92.3%	2,983,075	28.3%
10/01/08	9,939,493	9,630,830	(308,663)	103.2%	2,971,401	-10.4%

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		(AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
Police Officers' Retirement Trust Fund						
10/01/13	\$ 7,241,451	\$ 8,020,342	\$ 778,891	90.3%	\$ 1,829,669	42.6%
10/01/12	6,540,927	7,560,528	1,019,601	86.5%	1,777,381	57.4%
10/01/11	6,086,228	6,948,828	862,600	87.6%	1,774,895	48.6%
10/01/10	6,052,371	6,798,061	745,690	89.0%	1,834,094	40.7%
10/01/09	5,835,729	6,509,560	673,831	89.6%	1,770,812	38.1%
10/01/08	5,630,157	6,290,481	660,324	89.5%	1,730,088	38.2%

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		(AAL) - Frozen Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
Firefighters' Retirement Trust Fund						
10/01/13	\$ 2,704,713	\$ 2,661,066	\$ (43,647)	101.6%	\$ 938,173	-4.7%
10/01/12	2,367,806	2,508,206	140,400	94.4%	846,940	16.6%
10/01/11	2,155,819	2,203,590	47,771	97.8%	840,413	5.7%
10/01/10	2,167,659	2,246,828	79,169	96.5%	765,404	10.3%
10/01/09	2,046,151	2,323,232	277,081	88.1%	718,895	38.5%
10/01/08	1,955,292	2,020,710	65,418	96.8%	662,515	9.9%

CITY OF GULFPORT, FLORIDA
EMPLOYEE OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
10/01/12	\$ -	\$ 554,026	\$ 554,026	0.0%	\$ 5,256,408	10.5%
10/1/10 (1)	-	491,176	491,176	0.0%	6,154,798	8.0%
10/01/10	-	514,511	514,511	0.0%	5,975,532	8.6%
10/1/08 (1)	-	332,062	332,062	0.0%	6,357,373	5.2%
10/01/08	-	347,145	347,145	0.0%	6,172,207	5.6%

(1) Actuarial valuation not performed for this fiscal year; however roll-forward calculation performed using the OPEB Plan assumptions to determine adjusted Actuarial Accrued Liability.

The provisions of GASB Statement No. 45 were implemented in fiscal year 2009. There is no requirement to report data from prior fiscal periods.

CITY OF GULFPORT, FLORIDA
EMPLOYEE OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed
9/30/2013	\$ 73,209	\$ 26,180	35.76%
9/30/2012	71,929	29,445	40.94%
9/30/2011	71,929	29,445	40.94%
9/30/2010	56,755	19,938	35.13%

The provisions of GASB Statement No. 45 were implemented in fiscal year 2009. There is no requirement to report data from prior fiscal periods.

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

- 49th Street Redevelopment District
- Law Enforcement Trust
- Waterfront Redevelopment District

(This page intentionally left blank)

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Budget - Over (Under)
REVENUES			
Taxes	\$ 1,130,000	\$ 1,021,997	\$ (108,003)
Intergovernmental Revenues	160,000	-	(160,000)
Miscellaneous Revenues	<u>-</u>	<u>88</u>	<u>88</u>
Total Revenues	<u>1,290,000</u>	<u>1,022,085</u>	<u>(267,915)</u>
EXPENDITURES			
General Government			
Capital Outlay	51,711	47,615	(4,096)
Public Safety			
Capital Outlay	180,000	187,636	7,636
Public Works			
Capital Outlay	220,000	187,898	(32,102)
Leisure Services			
Operating	-	1,359	1,359
Capital Outlay	<u>127,843</u>	<u>103,961</u>	<u>(23,882)</u>
Total Expenditures	<u>579,554</u>	<u>528,469</u>	<u>(51,085)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>710,446</u>	<u>493,616</u>	<u>(216,830)</u>
OTHER FINANCING (USES)			
Transfers (Out)	<u>(575,000)</u>	<u>(325,000)</u>	<u>250,000</u>
Total Other Financing (Uses)	<u>(575,000)</u>	<u>(325,000)</u>	<u>250,000</u>
Net Change in Fund Balance	135,446	168,616	33,170
Fund Balance - Beginning	<u>(135,446)</u>	<u>368,369</u>	<u>503,815</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 536,985</u>	<u>\$ 536,985</u>

CITY OF GULFPORT, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2013

	49th Street Redevelopment District	Library Fund	Law Enforcement Trust	Waterfront Redevelopment District	Nonmajor Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	\$ 55,676	\$ 62,783	\$ 82,095	\$ 75,206	\$ 275,760
Accounts Receivable (net)	-	-	-	5,452	5,452
Total Assets	<u>\$ 55,676</u>	<u>\$ 62,783</u>	<u>\$ 82,095</u>	<u>\$ 80,658</u>	<u>\$ 281,212</u>
LIABILITIES					
Accounts Payable	\$ 1,254	\$ -	\$ 200	\$ 2,266	\$ 3,720
Accrued Liabilities	1,481	-	-	412	1,893
Due to Other Funds	47,963	-	-	-	47,963
Total Liabilities	<u>50,698</u>	<u>-</u>	<u>200</u>	<u>2,678</u>	<u>53,576</u>
FUND BALANCES					
Restricted for 49th Street Redevelopment	4,978	-	-	-	4,978
Restricted for Library	-	62,783	-	-	62,783
Restricted for Public Safety	-	-	81,895	-	81,895
Restricted for Waterfront Redevelopment	-	-	-	31,265	31,265
Assigned for Waterfront Redevelopment	-	-	-	46,715	46,715
Total Fund Balances	<u>4,978</u>	<u>62,783</u>	<u>81,895</u>	<u>77,980</u>	<u>227,636</u>
Total Liabilities and Fund Balance	<u>\$ 55,676</u>	<u>\$ 62,783</u>	<u>\$ 82,095</u>	<u>\$ 80,658</u>	<u>\$ 281,212</u>

CITY OF GULFPORT, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2013

	49th Street Redevelopment District	Library Fund	Law Enforcement Trust	Waterfront Redevelopment District	Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 171,073	\$ 171,073
Charges for Services	-	-	-	18,855	18,855
Fines and Forfeitures	-	-	97,906	-	97,906
Miscellaneous Revenues	-	-	-	2,792	2,792
Total Revenues	<u>-</u>	<u>-</u>	<u>97,906</u>	<u>192,720</u>	<u>290,626</u>
EXPENDITURES					
Current:					
Public Safety	-	-	16,011	-	16,011
Leisure Services	-	23,476	-	-	23,476
Community Development/ Redevelopment	63,019	-	-	139,808	202,827
Total Expenditures	<u>63,019</u>	<u>23,476</u>	<u>16,011</u>	<u>139,808</u>	<u>242,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(63,019)</u>	<u>(23,476)</u>	<u>81,895</u>	<u>52,912</u>	<u>48,312</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers In	65,000	-	-	-	65,000
Total Other Financing Sources And (Uses)	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Net Change in Fund Balances	1,981	(23,476)	81,895	52,912	113,312
Fund Balances - Beginning	<u>2,997</u>	<u>86,259</u>	<u>-</u>	<u>25,068</u>	<u>114,324</u>
Fund Balances - Ending	<u>\$ 4,978</u>	<u>\$ 62,783</u>	<u>\$ 81,895</u>	<u>\$ 77,980</u>	<u>\$ 227,636</u>

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
49TH STREET REDEVELOPMENT DISTRICT
For the Year Ended September 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ 637,880	\$ -	\$ (637,880)
Total Revenues	<u>637,880</u>	<u>-</u>	<u>(637,880)</u>
EXPENDITURES			
Community Development/Redevelopment			
Personal Services	62,902	62,077	(825)
Operating	1,195	942	(253)
Capital Outlay	637,880	-	(637,880)
Total Expenditures	<u>701,977</u>	<u>63,019</u>	<u>(638,958)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(64,097)</u>	<u>(63,019)</u>	<u>1,078</u>
OTHER FINANCING SOURCES			
Transfers In	65,000	65,000	-
Total Other Financing Sources	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Net Change in Fund Balance	903	1,981	1,078
Fund Balance - Beginning	<u>(903)</u>	<u>2,997</u>	<u>3,900</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 4,978</u>	<u>\$ 4,978</u>

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT TRUST
For the Year Ended September 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Fines and Forfeitures	\$ 15,000	\$ 97,906	\$ 82,906
Total Revenues	<u>15,000</u>	<u>97,906</u>	<u>82,906</u>
EXPENDITURES			
Public Safety			
Operating	3,000	5,646	2,646
Capital Outlay	<u>15,000</u>	<u>10,365</u>	<u>(4,635)</u>
Total Expenditures	<u>18,000</u>	<u>16,011</u>	<u>(1,989)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,000)</u>	<u>81,895</u>	<u>84,895</u>
Net Change in Fund Balance	(3,000)	81,895	84,895
Fund Balance - Beginning	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 81,895</u>	<u>\$ 81,895</u>

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
WATERFRONT REDEVELOPMENT DISTRICT
For the Year Ended September 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Budget - Over (Under)
REVENUES			
Taxes	\$ 168,192	\$ 171,073	\$ 2,881
Charges for Services	-	18,855	18,855
Miscellaneous Revenues	-	2,792	2,792
Total Revenues	<u>168,192</u>	<u>192,720</u>	<u>24,528</u>
EXPENDITURES			
Community Development/Redevelopment			
Personal Services	70,973	62,078	(8,895)
Operating	63,596	77,730	14,134
Total Expenditures	<u>134,569</u>	<u>139,808</u>	<u>5,239</u>
Excess of Revenues Over Expenditures	<u>33,623</u>	<u>52,912</u>	<u>19,289</u>
Net Change in Fund Balance	33,623	52,912	19,289
Fund Balance - Beginning	<u>(33,623)</u>	<u>25,068</u>	<u>58,691</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 77,980</u>	<u>\$ 77,980</u>

Statistical Section

(This page intentionally left blank)

City of Gulfport, Florida
Statistical Section
September 30, 2013

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, 2013, 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.

(This page intentionally left blank)

Schedule 1
City of Gulfport, Florida

NET POSITION BY COMPONENT
(accrual basis of accounting)
(in thousands)

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Governmental activities</u>										
Net investment										
in capital assets	\$ 11,826	\$ 11,678	\$ 11,484	\$ 11,421	\$ 13,553	\$ 13,268	\$ 13,040	\$ 12,736	\$ 13,111	\$ 12,797
Restricted	286	312	812	658	410	631	316	775	606	752
Unrestricted	6,367	5,347	4,622	4,245	4,488	4,658	4,047	3,728	3,820	3,658
Total governmental activities net position	\$ 18,479	\$ 17,337	\$ 16,918	\$ 16,324	\$ 18,451	\$ 18,557	\$ 17,403	\$ 17,239	\$ 17,537	\$ 17,207
<u>Business-type activities</u>										
Net investment										
in capital assets	\$ 10,973	\$ 11,324	\$ 11,780	\$ 12,731	\$ 12,150	\$ 12,881	\$ 13,588	\$ 13,186	\$ 12,292	\$ 11,795
Restricted	116	138	157	157	157	162	164	168	169	169
Unrestricted (Deficit)	506	1,805	2,830	3,235	2,696	1,529	881	131	226	(32)
Total business-type activities net position	\$ 11,595	\$ 13,267	\$ 14,767	\$ 16,123	\$ 15,003	\$ 14,572	\$ 14,633	\$ 13,485	\$ 12,687	\$ 11,932
<u>Primary government</u>										
Net investment										
in capital assets	\$ 22,799	\$ 23,002	\$ 23,264	\$ 24,152	\$ 25,703	\$ 26,149	\$ 26,628	\$ 25,922	\$ 25,403	\$ 24,592
Restricted	402	450	969	815	567	793	480	943	775	921
Unrestricted	6,873	7,152	7,452	7,480	7,184	6,187	4,928	3,859	4,046	3,626
Total primary government, net position	\$ 30,074	\$ 30,604	\$ 31,685	\$ 32,447	\$ 33,454	\$ 33,129	\$ 32,036	\$ 30,724	\$ 30,224	\$ 29,139

Schedule 2
City of Gulfport, Florida

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 1,339	\$ 1,409	\$ 1,617	\$ 1,728	\$ 1,408	\$ 1,465	\$ 1,533	\$ 1,510	\$ 1,303	\$ 1,421
Public Safety	4,356	4,491	4,709	4,992	4,787	4,452	4,549	4,854	4,877	5,042
Leisure Services	2,266	2,326	2,420	2,308	2,896	3,077	3,297	2,756	2,487	2,726
Community Development - Redevelopment	527	715	822	779	832	1,002	923	850	787	852
Public Works	854	1,319	1,360	1,423	1,509	1,439	1,208	1,535	1,552	1,501
Total governmental activities expenses	\$ 9,342	\$ 10,260	\$ 10,928	\$ 11,230	\$ 11,432	\$ 11,435	\$ 11,510	\$ 11,505	\$ 11,006	\$ 11,542
Business-type activities:										
Sanitation	\$ 1,592	\$ 1,640	\$ 1,697	\$ 1,711	\$ 1,715	\$ 1,823	\$ 1,741	\$ 1,629	\$ 1,733	\$ 1,837
Water and Sewer	3,194	3,218	3,366	3,663	3,718	3,987	4,359	4,184	4,324	4,528
Cultural Activities	477	439	505	563	-	-	-	-	-	-
Marina	972	1,043	1,123	1,207	1,388	1,212	1,262	1,500	1,460	1,447
Total business-type activities expenses	6,235	6,340	6,691	7,144	6,821	7,022	7,362	7,313	7,517	7,812
Total primary government expenses	\$ 15,577	\$ 16,600	\$ 17,619	\$ 18,374	\$ 18,253	\$ 18,457	\$ 18,872	\$ 18,818	\$ 18,523	\$ 19,354
Program revenues										
Governmental activities:										
Charges for services -										
General Government	\$ 459	\$ 478	\$ 780	\$ 839	\$ 870	\$ 832	\$ 793	\$ 775	\$ 802	\$ 850
Public Safety	468	475	332	223	340	279	289	879	980	1,078
Leisure Services	183	188	206	195	510	584	570	513	546	635
Public Works	401	268	208	496	237	384	305	363	240	333
Operating Grants and Contributions	767	806	823	1,002	822	1,005	682	316	219	191
Capital Grants and Contributions	551	70	72	16	499	108	140	169	108	90
Total governmental activities program revenues	\$ 2,829	\$ 2,285	\$ 2,421	\$ 2,771	\$ 3,278	\$ 3,192	\$ 2,779	\$ 3,015	\$ 2,895	\$ 3,177
Business-type activities:										
Charges for Services										
Sanitation	\$ 1,701	\$ 1,770	\$ 1,816	\$ 1,811	\$ 1,736	\$ 1,723	\$ 1,772	\$ 1,801	\$ 2,017	\$ 2,030
Water and Sewer	3,556	3,592	3,847	3,932	3,605	3,725	3,830	3,829	4,313	4,253
Cultural Activities	296	284	370	385	-	-	-	-	-	-
Marina	1,016	1,279	1,351	1,419	1,742	1,462	1,564	1,650	1,556	1,541
Operating Grants and Contributions	1	7	-	-	-	-	-	-	-	-
Capital Grants and Contributions	6	3	-	-	412	211	2	4	1	-
Total business-type activities program revenues	\$6,576	\$6,935	\$7,384	\$7,547	\$7,495	\$7,121	\$7,168	\$7,284	\$7,887	\$7,824
Total primary government program revenues	\$9,405	\$9,220	\$9,805	\$10,318	\$10,773	\$10,313	\$9,947	\$10,299	\$10,782	\$11,001
Net (Expense) Revenue										
Governmental activities	\$ (6,513)	\$ (7,974)	\$ (8,508)	\$ (8,458)	\$ (8,153)	\$ (8,243)	\$ (8,731)	\$ (8,489)	\$ (8,111)	\$ (8,364)
Business-type activities	341	594	693	402	673	99	(194)	(29)	371	11
Total primary government net (expense)	\$ (6,172)	\$ (7,380)	\$ (7,815)	\$ (8,056)	\$ (7,480)	\$ (8,144)	\$ (8,925)	\$ (8,518)	\$ (7,740)	\$ (8,353)

Continued next page

Schedule 2
City of Gulfport, Florida

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad Valorem	\$ 2,331	\$ 2,731	\$ 3,273	\$ 3,557	\$ 3,450	\$ 3,171	\$ 2,828	\$ 2,528	\$ 2,648	\$ 2,633
Franchise Fees	592	631	731	705	720	773	858	784	738	703
Utility Taxes	884	912	971	959	961	991	1,131	1,078	1,027	1,050
Communication Service Tax	537	560	555	576	553	605	551	526	520	503
Sales Tax - Infrastructure	1,078	1,141	1,316	1,202	1,134	1,047	952	917	970	1,022
Half-cent Sales Tax	714	713	754	723	684	619	611	624	631	658
Local Option Gas Tax	114	118	126	113	166	166	165	163	163	165
Transportation Impact Fees	16	10	22	16	-	-	-	-	-	-
Other Taxes	85	114	123	34	17	66	69	65	62	69
State Revenue Sharing	355	428	456	413	355	249	349	351	353	360
Investment Income	151	148	287	367	186	35	25	16	20	5
Miscellaneous	303	315	190	262	194	96	138	152	105	98
Gain/(Loss) on Sale of Capital Assets	-	-	-	(255)	-	-	-	-	-	-
Transfers	(520)	(989)	(715)	(808)	1,860	531	(100)	1,122	1,172	767
Total governmental activities	\$ 6,640	\$ 6,832	\$ 8,089	\$ 7,864	\$ 10,280	\$ 8,349	\$ 7,577	\$ 8,326	\$ 8,409	\$ 8,033
Business-type activities:										
Investment Income	\$ 8	\$ 35	\$ 91	\$ 147	\$ 67	\$ -	\$ 6	\$ 2	\$ 4	\$ 1
Gain/(Loss) on Sale of Capital Assets	-	53	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	520	989	715	808	(1,860)	(531)	100	(1,122)	(1,172)	(767)
Total business-type activities	528	1,077	806	955	(1,793)	(531)	106	(1,120)	(1,168)	(766)
Total primary government	\$ 7,168	\$ 7,909	\$ 8,895	\$ 8,819	\$ 8,487	\$ 7,818	\$ 7,683	\$ 7,206	\$ 7,241	\$ 7,267
Change in Net Position										
Governmental activities	\$ 127	\$ (1,142)	\$ (419)	\$ (595)	\$ 2,127	\$ 106	\$ (1,155)	\$ (163)	\$ 298	\$ (330)
Business-type activities	869	1,672	1,499	1,357	(1,120)	(432)	(88)	(1,149)	(798)	(754)
Total primary government	\$ 996	\$ 530	\$ 1,080	\$ 762	\$ 1,007	\$ (326)	\$ (1,243)	\$ (1,312)	\$ (500)	\$ (1,084)

**Schedule 3
City of Gulfport, Florida**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>General Fund</u>										
Reserved	\$ 2,420	\$ 2,732	\$ 2,337	\$ 2,575	\$ 3,155	\$ 2,902	\$ 2,946			
Unreserved	3,932	2,712	2,362	1,720	1,279	2,231	1,695			
Nonspendable								\$ 38	\$ 33	\$ 40
Restricted								-	130	35
Committed								9	53	-
Assigned								-	-	26
Unassigned								4,278	4,347	4,216
Total General Fund	\$ 6,352	\$ 5,444	\$ 4,699	\$ 4,295	\$ 4,434	\$ 5,133	\$ 4,641	\$ 4,325	\$ 4,563	\$ 4,317
<u>All other governmental funds</u>										
Reserved	\$ 56	\$ 128	\$ 463	\$ 403	\$ 413	\$ 175	\$ 211			
Unreserved (Deficit)										
Reported in:										
Special Revenue Funds	(33)	(85)	218	320	456	387	10			
Capital Projects Fund	448	499	440	353	89	-	31			
Restricted								\$ 758	\$ 458	\$ 718
Assigned								37	25	47
Unassigned (Deficit)								(40)	-	-
Total All Other Governmental Funds	\$ 471	\$ 542	\$ 1,121	\$ 1,076	\$ 958	\$ 562	\$ 252	\$ 755	\$ 483	\$ 765

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

Schedule 4
City of Gulfport, Florida

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 5,422	\$ 5,976	\$ 6,845	\$ 7,015	\$ 6,807	\$ 6,030	\$ 5,679	\$ 5,256	\$ 6,065	\$ 6,077
Permits and fees	206	243	306	204	285	911	1,003	908	180	291
Intergovernmental revenues	2,586	2,227	2,355	2,300	2,554	1,891	1,834	1,857	1,649	1,697
Impact fees	16	10	22	-	-	-	-	-	-	-
Charges for services	1,049	1,081	1,144	1,469	1,588	1,582	1,561	1,574	1,528	1,720
Fines and forfeitures	124	85	75	81	86	112	108	275	362	410
Earnings on investments	156	149	287	367	186	35	24	16	20	5
Miscellaneous revenues	298	337	142	262	194	369	309	334	265	263
Total revenues	\$ 9,857	\$ 10,108	\$ 11,176	\$ 11,698	\$ 11,700	\$ 10,930	\$ 10,518	\$ 10,220	\$ 10,069	\$ 10,463
Expenditures										
General government	\$ 1,388	\$ 1,382	\$ 1,497	\$ 1,618	\$ 1,370	\$ 1,305	\$ 1,356	\$ 1,331	\$ 1,255	\$ 1,353
Public safety	4,668	4,466	4,829	4,877	4,772	4,326	4,383	4,745	4,736	4,863
Public services	808	1,255	1,311	1,402	1,373	1,257	1,311	-	-	-
Culture and recreation	1,925	2,229	2,247	2,406	2,946	2,818	-	-	-	-
Leisure services	-	-	-	-	-	-	2,786	2,649	2,226	2,473
Community development/ Redevelopment	1,054	741	743	1,036	1,149	1,452	1,384	612	571	635
Public works	-	-	-	-	-	-	-	1,350	1,329	1,343
Capital outlay	-	-	-	-	-	-	-	465	1,160	527
Total expenditures	\$ 9,843	\$ 10,073	\$ 10,627	\$ 11,339	\$ 11,610	\$ 11,158	\$ 11,220	\$ 11,152	\$ 11,277	\$ 11,194
Excess of revenues over (under) expenditures	\$ 14	\$ 35	\$ 549	\$ 359	\$ 90	\$ (228)	\$ (702)	\$ (932)	\$ (1,208)	\$ (731)
Other financing sources (uses)										
Transfers in	\$ 659	\$ 629	\$ 877	\$ 560	\$ 1,293	\$ 1,561	\$ 1,427	\$ 1,177	\$ 1,432	\$ 1,157
Transfers out	(1,237)	(1,652)	(1,592)	(1,368)	(1,360)	(1,030)	(1,527)	(55)	(260)	(390)
Total other financing sources (uses)	\$ (578)	\$ (1,023)	\$ (715)	\$ (808)	\$ (67)	\$ 531	\$ (100)	\$ 1,122	\$ 1,172	\$ 767
Net change in fund balances	\$ (564)	\$ (988)	\$ (166)	\$ (449)	\$ 23	\$ 303	\$ (802)	\$ 190	\$ (36)	\$ 36
Debt service as a percentage of non-capital expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**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
	2004	\$ 757,466,400	\$ 89,275,700	\$ 17,994,220	\$ 62,324,200
2005	910,637,500	100,333,400	17,863,410	67,610,620	102,256,100
2006	1,118,237,400	111,485,100	18,038,951	72,953,440	102,421,400
2007	1,399,746,100	139,430,100	17,793,920	89,755,522	100,525,601
2008	1,407,482,670	154,739,500	17,880,050	91,176,597	99,251,124
2009	1,242,522,200	160,551,200	17,044,530	94,314,776	169,992,000
2010	1,073,945,817	144,038,327	16,477,353	91,738,983	166,891,870
2011	923,293,178	127,600,207	19,592,603	85,054,875	162,965,943
2012	811,188,628	123,584,412	19,978,443	81,345,121	159,531,596
2013	814,701,325	121,735,872	19,393,717	79,196,355	152,398,049

Source: Pinellas County Appraiser, 2013 final certified roll (Forms DR403V and Land Use Recaps)

* The rate used in the calculation of property taxes. One mill equals \$1 per \$1,000 of taxable value. A millage of 4.0000 (which is the millage in effect for the City of Gulfport) is equal to \$4.000 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.

Homestead Assessment Differential	Widows/ Disability/ Blind	Total Taxable Assessed Value	Millage Rate *
\$ 137,109,300	\$ 4,032,800	\$ 558,120,020	4.300
199,949,400	4,560,500	654,457,690	4.300
282,027,600	4,828,000	785,531,011	4.300
411,556,006	6,034,645	949,098,346	3.870
377,742,972	6,585,252	1,005,346,275	3.349
258,470,796	7,055,438	890,284,920	3.474
170,486,824	6,775,477	798,568,343	3.474
97,945,583	6,068,572	718,451,015	3.474
50,474,346	6,230,087	657,170,333	4.000
49,942,511	6,641,608	667,652,391	4.039

**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
2004	4.3000	6.1410	8.2430	0.6319	0.6600	1.6562	21.6321
2005	4.3000	6.1410	8.1220	0.6377	0.6600	1.6557	21.5164
2006	4.3000	6.1410	8.3900	0.6377	0.6600	1.6555	21.7842
2007	3.8700	5.4700	8.2100	0.6074	0.6300	1.6378	20.4252
2008	3.3487	4.8730	7.7310	0.5601	0.5832	1.5121	18.6081
2009	3.4742	4.8730	8.0610	0.5601	0.5832	1.5551	19.1066
2010	3.4742	4.8730	8.3460	0.5601	0.5832	1.5106	19.3471
2011	3.4742	4.8730	8.3400	0.5601	0.5832	1.4410	19.2715
2012	4.0000	4.8730	8.3850	0.7305	0.8506	1.2390	20.0781
2013	4.0390	5.3377	8.0600	0.7305	0.9158	1.2959	20.3789

Sources: Pinellas County Tax Collector, Pinellas County Property Appraiser

**Schedule 7
City of Gulfport, Florida**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Total Tax Levy	Current Year Tax Collections	Percentage of Levy Collected in Year	Tax Collected in Subsequent Years 1	Total Tax Collected	Percentage of Levy Collected to Date
2004	\$ 2,399,916	\$ 2,330,608	97.1%	\$ -	\$ 2,330,608	97.1%
2005	2,814,168	2,731,240	97.1%	-	2,731,240	97.1%
2006	3,377,783	3,273,119	96.9%	-	3,273,119	96.9%
2007	3,681,961	3,556,585	96.6%	-	3,556,585	96.6%
2008	3,366,603	3,256,529	96.7%	-	3,256,529	96.7%
2009	3,093,027	3,009,208	97.3%	-	3,009,208	97.3%
2010	2,776,835	2,699,875	97.2%	-	2,699,875	97.2%
2011	2,504,506	2,425,538	96.8%	-	2,425,538	96.8%
2012	2,628,681	2,567,103	97.7%	-	2,567,103	97.7%
2013	2,646,579	2,528,278	95.5%	4,738	2,533,016	95.7%

Source: Pinellas County Tax Collector's Office Report

**Schedule 8
City of Gulfport, Florida**

**PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Property Description	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Seaside Villas Gulfport LLC	\$ 7,750,000	1	1.18%			
Paonessa, Jeffrey L	3,242,491	2	0.49%	\$ 3,113,700	3	0.64%
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%	-		
49th Street LLC	2,141,700	6	0.33%	-		
Hernandez, Roberto M	1,834,710	7	0.28%	-		
Holmes, Michael R	1,795,509	8	0.27%	-		
Levine, Alan M	1,668,563	9	0.25%	-		
Heithaus, Henry Joseph	1,655,477	10	0.25%	-		
JLP Management Assoc Inc	-			1,425,400	7	0.29%
Pasadena Yacht & Club	-			4,884,500	1	1.01%
G & D Investments	-			4,150,000	2	0.86%
Lavin, Jerome V	-			2,374,500	4	0.49%
Miller, Ronnie H	-			1,554,100	5	0.32%
Damkoehler, Gary L.	-			1,548,400	6	0.32%
Gulfport Plaza, Inc	-			1,375,000	8	0.28%
Caldwell, R W III	-			1,362,300	9	0.28%
Mitchel, Jeffrey L	-			1,300,500	10	0.27%
Total	\$ 28,177,774			\$ 23,088,400		

Source: Pinellas County Tax Rolls

Schedule 9
City of Gulfport, Florida

WATER SOLD BY TYPE OF CUSTOMER
Last Ten Fiscal Years

Type of Customer	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Residential	\$ 2,110,768	\$ 3,334,493	\$ 3,298,681	\$ 3,448,191	\$ 3,167,552	\$ 3,142,239	\$ 2,865,646	\$ 2,903,000	\$ 2,910,549	\$ 3,040,983
Commercial	185,994	311,633	321,935	297,895	266,362	261,856	252,456	265,310	277,520	403,363
Government	56,429	75,117	71,785	74,954	82,799	125,989	106,315	102,136	104,043	113,000
Total	2,353,191	3,721,243	3,692,401	3,821,040	3,516,713	3,530,084	3,224,417	3,270,446	3,292,112	3,557,346
Total direct rate per 1,000 gallons	\$4.24	\$4.24	\$4.66	\$4.66	\$4.66	\$5.02	\$5.02	\$5.52	\$5.52	\$5.52

Sources: City of Gulfport Utility Billing System, Incode Software

**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
2004	\$ 8.47	\$ 4.24	\$ 10.20	\$ 5.10
2005	8.47	4.24	10.20	5.10
2006	9.32	4.66	10.20	5.10
2007	9.32	4.66	10.20	5.10
2008	9.32	4.66	10.20	5.10
2009	10.04	5.02	12.48	6.24
2010	10.04	5.02	12.48	6.24
2011	11.04	5.52	13.72	6.86
2012	11.04	5.52	13.72	6.86
2013	11.04	5.52	13.72	6.86

Source: City of Gulfport Utility Billing System, Incode Software

**Schedule 11
City of Gulfport, Florida**

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Business-Type Activities		Total Primary Government	Gulfport Personal Income ¹	Percentage of Personal Income	Per Capita
	Capital Leases					
2004	\$ -		\$ -	\$ -	0.0%	\$ -
2005	-		-	-	0.0%	-
2006	-		-	-	0.0%	-
2007	-		-	-	0.0%	-
2008	-		-	-	0.0%	-
2009	-		-	-	0.0%	-
2010	-		-	-	0.0%	-
2011	-		-	-	0.0%	-
2012	-		-	-	0.0%	-
2013	220,778		220,778	569,420,586	0.0%	18

Sources: City of Gulfport Finance Department

¹ 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, 2013

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>City's Share of Debt</u>
DIRECT DEBT			
City of Gulfport	\$ -	N/A	\$ -
OVERLAPPING DEBT			
Pinellas County School District State Bonds ^b	21,985,000	1.23%	270,416
Pinellas County School District Capital Leases	12,546,264	1.23%	154,319
Total Direct and Overlapping debt			<u>\$ 424,735</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)
2004	12,860	\$ 426,527,620	\$ 33,167	43.7	3.9%	2,455
2005	12,899	326,641,377	25,323	47.3	3.7%	2,470
2006	12,935	351,017,095	27,137	44.3	2.8%	2,476
2007	12,900	294,132,900	22,801	47.3	3.9%	2,496
2008	12,920	361,411,160	27,973	45.3	6.3%	2,665
2009	12,889	367,826,282	28,538	45.7	11.8%	2,450
2010	12,217	339,192,788	27,764	50.2	12.2%	2,332
2011	12,022	323,981,840	26,740	49.9	10.0%	2,126
2012	12,056	315,288,512	26,152	51.5	8.8%	2,137
2013	11,982	347,466,018	28,999	51.9	5.9%	2,339

Sources: (A) Pinellas County Economic Development
 (B) U.S. Bureau of Labor Statistics (*preliminary annual estimate; Tampa, St Pete, Clearwater area)
 (C) Pinellas County School Board (Boca Ciega High School, Gulport Elementary School and Hamilton Disston)

**Schedule 14
City of Gulfport, Florida**

**PRINCIPAL EMPLOYERS IN CITY OF CLEARWATER, FL (A)
Current Year and Nine Years Ago**

<u>Employer</u>	2013			2004 (B)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pinellas County School District	13,905	1	3.31%			
Pinellas County Government	4,000	2	0.95%			
Home Shopping Network	4,000	3	0.95%			
City of St Petersburg	3,500	4	0.83%			
Times Publishing Corp.	3,187	5	0.76%			
Raymond James Financial	3,022	6	0.72%			
Pinellas County Sheriff	2,800	7	0.67%			
Nielsen Media Research, Inc.	2,669	8	0.64%			
Morton Plant Hospital	2,448	9	0.58%			
Bay Pines VA Medical Center	2,330	10	0.55%			
Total Employment	420,256					

(A) Data for the City of Gulfport is not currently available. The City of Clearwater is the closest large metropolitan area with data available for reporting purposes.

(B) Data not available for the lookback period of fiscal year 2004.

Source: Clearwater Regional Chamber of Commerce

**Schedule 15
City of Gulfport, Florida**

CITY FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Clerk	2	2.5	2.5	2.5	2	2	2	2	2	2
City Manager	2	2	2	2	2	2	2	2	2	2
Administrative Services	8	8	8	8	8	8	7.5	7.5	7	7
Information Technology	2	2	2	2	2	2	2	2	1	0
Public Safety										
Police	48	47	46	45	44	43	40	40	36	36
Fire	13	13	13.5	17.5	15.5	15.5	16.5	15.5	16.5	13.5
Community Development										
	5	8	8	8	7	8	8	6	5.5	7
Public Works										
	24.5	24	26	25	25	24	24	24	24	23
Utilities										
	7	6	6	6	6	6	6	6	6	6
Leisure Services										
Cultural Facilities	41	41.5	41.5	40.5	38.25	38	39	37	38.25	38.25
Marina	6.5	4.25	3.25	5.5	5.5	5.5	5.5	5.5	5.5	5.5
	3	3	3	3.5	3.5	3.5	3.5	3.5	3.5	3
Total	162	161.25	161.75	165.5	158.75	157.5	156	151	147.25	143.25

Notes:

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

Schedule 16
City of Gulfport, Florida

OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Reported crime (UCR Part One)	-	-	-	-	725	742	558	590	619	596
Felony arrests *	654	776	791	630	-	-	-	-	-	-
Reported traffic crashes	-	-	-	-	173	150	151	132	124	132
Traffic violations issued *	2,542	2,260	2,300	2,201	-	-	-	-	-	-
Calls for service	-	-	-	-	35,482	38,322	34,005	33,825	23,254	25,263
Fire										
Fires extinguished	20	65	90	63	41	32	27	63	32	45
Emergency responses	2,400	2,450	2,000	2,668	2,722	2,606	2,829	2,519	2,598	2,591
Fire inspections	-	-	-	-	-	-	-	430	467	451
Sanitation										
Refuse collected (tons/day)	34.77	31.99	30.80	29.08	27.84	24.55	24.79	23.47	23.99	32.50
Recyclables collected (tons/day)	2.60	2.87	1.69	1.94	2.39	2.90	2.13	2.42	3.15	4.36
Utilities										
Average daily consumption (thousands of gallons)	1,043	1,133	1,137	1,046	1,089	1,142	989	730	981	957
Average daily sewage treatment (thousands of gallons)	1,118	1,058	850	1,051	781	806	1,051	996	1,062	1,147
Recreation										
Participants in after- school program	78	78	85	81	54	50	45	49	50	46
Participants in summer camp program	140	140	180	198	142	127	110	108	93	129
Library										
Circulation of materials	104,654	114,437	111,600	115,489	81,689	93,698	90,749	88,642	92,016	99,248
Reference questions	8,762	10,422	10,900	8,114	8,113	8,772	7,990	8,110	7,081	7,000
Sponsored programs	218	200	225	276	252	278	253	132	192	277
Senior Center										
Average daily attendance	115	120	120	148	175	200	250	250	250	115
Meals served daily	140	140	140	140	175	60	60	50	50	35
Reassurance calls made daily	43	45	30	27	22	26	30	25	25	13
GEMS										
Number of rides	8,272	9,272	13,150	12,105	11,338	10,927	10,454	11,124	11,109	8,132
Number of subscriptions	140	147	100	145	163	157	186	180	180	165
Number of handicapped members	87	91	100	38	47	69	103	95	95	85
Marina										
Number of slips rented	247	247	247	247	237	237	209	192	180	265
Number of vessels fueled	7,000	7,200	7,350	6,475	5,776	3,831	3,994	4,919	5,272	4,429
Number of gallons dispensed	250,000	262,500	275,000	217,144	203,556	198,653	189,152	211,333	181,680	172,266
Cultural Facilities										
Number of dances/rentals	183	192	200	226	289	302	327	323	319	317
Number of theater rentals	103	108	125	118	99	85	75	89	63	73

Sources: Various City departments

Schedule 17
City of Gulfport, Florida

CAPITAL ASSET STATISTICS BY FUNCTION PROGRAM
Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Schools*										
Elementary	1	1	1	1	1	1	1	1	1	1
Junior/Senior High	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	20	20	22	22
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets - Paved	67.63	67.63	67.63	67.63	67.63	67.63	67.63	67.63	67.63	67.63
Streets - Unpaved	32	32	32	32	32	32	32	32	32	32
Streetlights	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368
Sanitation										
Collection trucks	6	6	6	6	6	6	6	6	6	7
Utilities										
Water mains (miles)	67	67	67	68	68	68	68	68	68	68
Fire hydrants	258	258	260	265	265	265	265	265	284	284
Lift stations	2	2	2	2	2	2	2	2	2	2
Sanitary sewer (miles)	105	105	105	105	105	105	105	105	105	105
Storm drain lines (miles)	23	23	23	23	23	23	23	23	23	23
Stormwater treatment lakes	2	2	2	2	2	2	2	2	2	2
Parks										
Acreage	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75
Playgrounds	6	6	6	6	6	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	1	1	1	1
Volleyball courts	2	2	2	2	2	2	2	2	4	5
Basketball courts	1	1	1	1	1	1	1	1	1	1
Bocce courts	2	2	2	2	2	2	2	2	1	1
Recreation buses	1	1	1	1	1	1	1	1	1	1
Library										
Catalogued items	75,380	70,916	74,500	73,665	74,100	74,100	74,438	75,250	95,393	77,113
GEMS										
Vehicles	3	3	3	3	3	3	3	4	4	4
Marina										
Number of slips	268	247	247	247	247	247	247	247	247	247
Dry storage slips	-	-	-	-	-	-	-	73	80	80

Sources: Various City departments

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

(This page intentionally left blank)

Compliance Section

(This page intentionally left blank)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC
Clearwater, Florida

May 20, 2014

**MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

We have audited the financial statements of the City of Gulfport, Florida (the "City") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 20, 2014.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The City has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the City has not met one or more of the conditions described in Section 218.503(1), Florida Statutes that are indicative of a state of financial emergency.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the City's annual financial report for the fiscal year ended September 30, 2013, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2013.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the Governing Board, 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.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

May 20, 2014