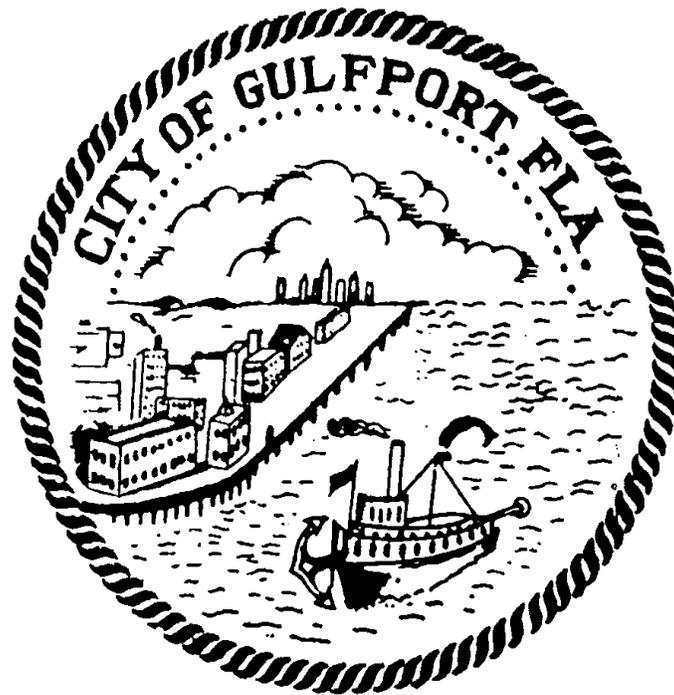


*City of Gulfport  
Florida*



*2015  
Comprehensive  
Annual Financial Report*

*Fiscal Year Ended September 30, 2015*

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Comprehensive Annual Financial Report  
of the  
City of Gulfport, Florida  
for the  
Fiscal Year Ended September 30, 2015

Samuel Henderson, Mayor  
Christine Brown, Council Member  
Daniel Liedtke, Council Member  
Yolanda Roman, Vice Mayor  
Michael Fridovich, Council Member



City Manager  
James E. O'Reilly

City Clerk  
Lesley DeMuth

Finance Director  
Cheryl Hannafin, CPA

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**CITY OF GULFPORT, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**Year Ended September 30, 2015**

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## **Introductory Section**



# CITY OF GULFPORT, FLORIDA

## *Gateway to the Gulf*

SAMUEL HENDERSON, Mayor

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

YOLANDA ROMAN, Councilmember, Ward 3  
MICHAEL FRIDOVICH, Councilmember, Ward 4

May 13, 2016

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, 2015. 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, 2015 are fairly presented in conformity with accounting principles generally accepted in the United States.

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

## **Profile of the Government**

The Town of Gulfport was incorporated in 1910. The name change to the City of Gulfport occurred in 1951 when the population of the Town exceeded 2,500. The City currently has a population of 12,180 and is approximately 2.8 square miles in area. The City is located in Pinellas County and is bordered on the north and east by the City of St. Petersburg. To the south is Boca Ciega Bay. The western side of the City is bordered by an area of unincorporated Pinellas County that is subsequently bordered by the City of South Pasadena.

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

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

## Factors Affecting Financial Condition

The City continues to adapt to changing economic times in our community, state and nation. With the initial positive growth in property values, much of the focus is on beginning to address the past compounded decline in revenues and the continued ability of the City Council and staff to maintain the traditional high levels of personal services provided the residents of the City of Gulfport.

Values in taxable real estate peaked at just over \$1 billion in FY 2008 and continued a steady decline for the following five years, with a stable trend beginning in FY 2014 and leveling at just under \$748 million for fiscal year end 2015. Ad valorem collections mirrored taxable values. The following table illustrates the taxable real estate values and ad valorem property tax revenues over the past six fiscal years.

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Taxable Assessed Value	\$ 1,005,346,275	\$ 890,284,920	\$ 798,568,343	\$ 718,451,015	\$ 657,170,333	\$ 655,254,633	\$ 697,757,967	\$ 747,993,645
Ad valorem Revenues	\$ 3,256,529	\$ 3,009,208	\$ 2,699,875	\$ 2,425,538	\$ 2,567,103	\$ 2,533,016	\$ 2,558,772	\$ 2,736,118

It is paramount that the City must continually address the sustained financial impact of providing such a high level of services as the City moves forward. Gulfport, like many other local governments, primarily relies on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, occupational licenses, etc.) to fund governmental activities.

In an effort to help mitigate systematic 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. Although the City was able to mitigate some of the losses during the economic downturn, in order to maintain traditional high levels of service during this time, the usage of payment in lieu of taxes (PILOT) transfers from the City's enterprise funds to the General Fund was enacted to alleviate revenue shortfalls. 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 and rebuild the enterprise funds' net positions.

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

The abatement of groundwater infiltration in sewer lines throughout the City is a high priority currently and going forward. Significant resources will be necessary for repair and replacement of water and sewer lines throughout the City’s aging utility system. The City recently entered into an agreement with the Florida Department of Environmental Protection for a loan to fund planning costs involved in major sewer system rehabilitation improvements. Further details involving the loan can be found within note 7 of the attached Comprehensive Annual Financial Report (CAFR). In early 2016 Gulfport City Council approved an additional application for further funding to finance the waste water system major rehabilitation project.

The City remains focused on continuing to improve the City’s Waterfront District and the 49th Street Redevelopment Corridor through infrastructure improvements and collaborative efforts with merchants and residents within the districts as well as significant high cost improvements to the Marina and surrounding neighborhood.

**Relevant financial policies.**

The City continues to exceed 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 2015 yearend, the fund balance was \$4,466,691 while unassigned fund balance was \$4,330,304. The available unassigned fund balance was sufficient to cover this minimum requirement for FY 2015.

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 2015, a total of \$377,889 in PILOT transfers were approved in the budget and transferred from the Enterprise Funds which is significantly lower than previous years as shown in the chart below.

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

	<u>Sanitation</u>	<u>Water &amp; Sewer</u>	<u>Marina</u>
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
FY14	304,353	349,711	471,770
FY15	219,719	60,000	98,170

The City participates in three single-employer defined benefit pension plans and accounts for net pension liability, deferred elements, and pension expense as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

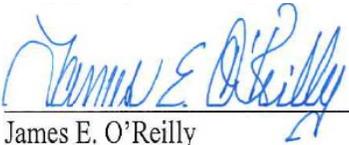
## Awards and Acknowledgements

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, 2014. This was the thirty second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



---

James E. O'Reilly  
City Manager



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Cheryl Hannafin, CPA  
Finance Director



Government Finance Officers Association

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

Presented to

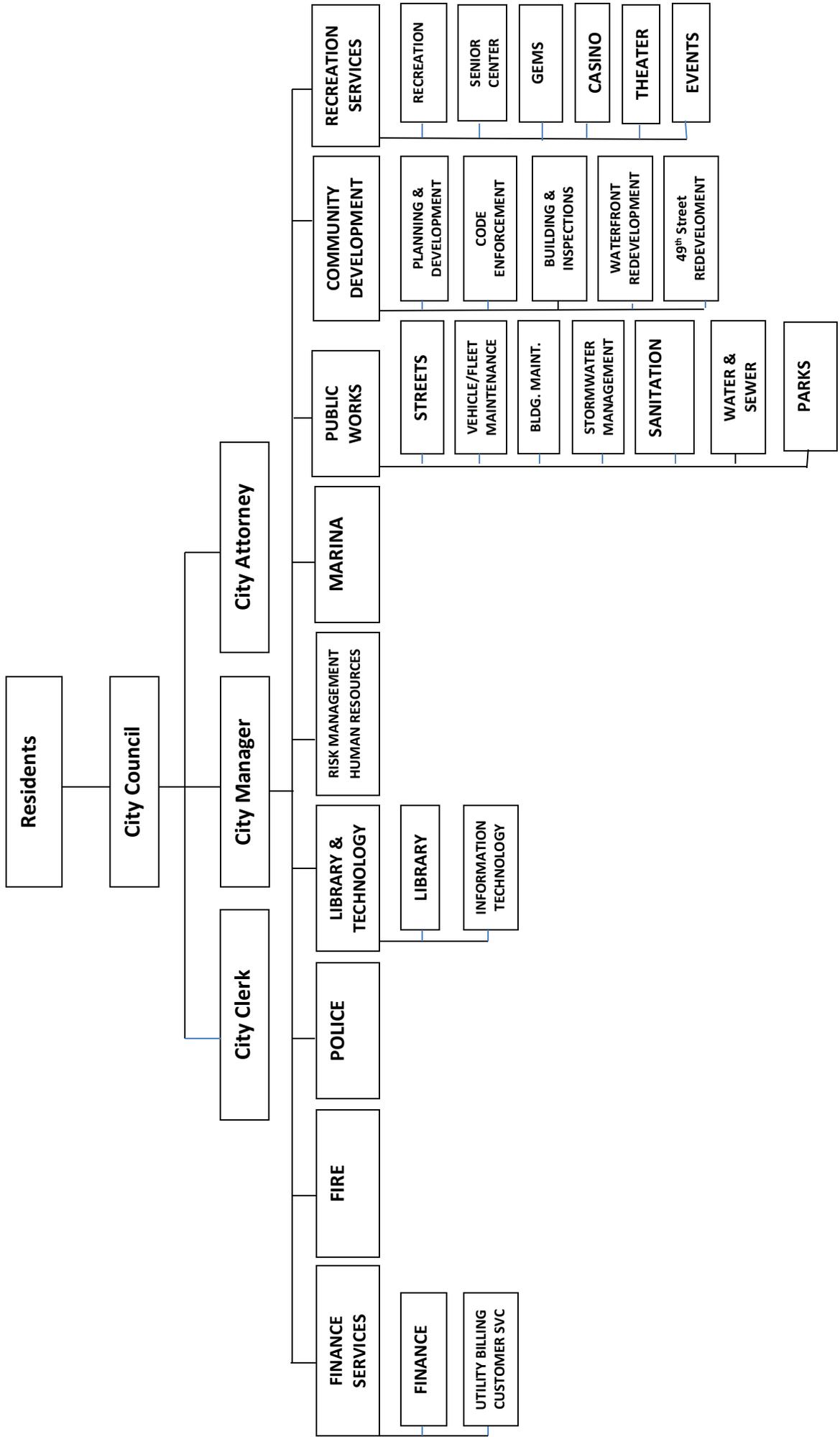
**City of Gulfport  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# Fiscal Year 2015 - City of Gulfport Organizational Chart



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## **Financial Section**

This section contains the following subsections:

Report of Independent Certified Public Accountants

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gulfport, Florida (the "City"), as of and for the year ended September 30, 2015, 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.

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida, as of September 30, 2015, 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.

## **Change in Accounting Principle**

As discussed in Note 15 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – a amendment of GASB Statement No. 68*. Our opinion was not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

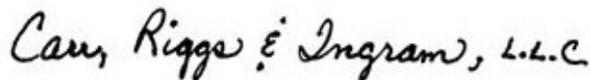
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial. The introductory section, combining and individual nonmajor fund financial statements and schedules, Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance and related notes is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2016, 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.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida  
May 13, 2016

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

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

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

### **Financial Condition Overview**

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

- *Operating results* reflect the degree to which budgets met expectations. Both actual revenues and actual expenditures were within reasonable proximity of budgeted amounts for FY 2015.
- *Liquidity* reflects the City's ability to pay current liabilities with current assets. The City maintained sufficient, prudent liquidity levels throughout FY 2015 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 2015 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, however, during the fiscal year ended September 30, 2015 the City began borrowing on a 2.12% low interest agreement for planning costs involved in the major repair and replacement of water and sewer lines throughout the City's aging utility system.

### **Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2015 by \$30,057,342 (net position). Of this amount, \$5,037,223 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental fund revenues increased by \$2,604,606 or 24.2% when compared to fiscal year 2014. Governmental fund expenditures increased by \$1,031,355 or 9% during this same period.
- Operating revenues of the City's enterprise funds increased by \$589,457 and operating expenses increased \$503,619 when compared to last year.
- Loans payable increased by \$887,146 or 284.7% when compared to fiscal year 2014.
- The City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of this Statement are being implemented prospectively that includes a restatement of the beginning net position for all full accrual financial statements. The elements of this restatement are a decrease of \$531,765 to Governmental Activities beginning net position, and an increase to Business-type Activities beginning net position of \$439,877.

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

**Financial Highlights - *Continued***

- The City accepted a final settlement of \$1,231,233 from BP Oil Company for damages sustained as a result of the oil spill on April 20, 2010
- The City recognized revenue from the Boating Infrastructure Grant (BIG) Program grant award for Casino Transient Docks in the amount of \$112,613.
- The City recognized revenue from the Pinellas Public Library Cooperative for the Gulfport Public Library's renovation project in the amount of \$138,000.
- The City accepted financial assistance from the Florida Department of Environmental Protection for the Pasadena Place Culvert Replacement and Outfall Structure in the amount of \$245,000.
- Administrative overhead charged to the Enterprise Funds from the General Fund increased from 10% to 15% of budgeted recurring revenues of operations.
- City Council adopted a second 12% increase in the utility rate fee schedule, effective October 1, 2014.
- Collective bargaining agreements with public safety, both Police and Fire, were renewed effective October 1, 2015 through September 30, 2018. Encompassed within the agreement is a newly negotiated step plan which outlines salary for public safety officers based on position, years of service, and performance measurements.

**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 and governmental funds as a whole. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

**Government-wide Financial Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

Net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceed liabilities and deferred inflows by \$30,057,342 (net position).

A large portion of the City's net position (79.1%) reflects its investment in capital assets (e.g., land, land improvements, buildings and equipment) net of any related debt. The City uses these capital assets to provide services to citizens and, consequently, these assets are not available for future spending.

A small portion of the City's net position (4.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$5,037,223 may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

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

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

**STATEMENT OF NET POSITION**

As of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 6,054,156	\$ 4,467,932	\$ 2,572,801	\$ 2,191,437	\$ 8,626,957	\$ 6,659,369
Capital Assets (Net)	12,955,820	12,467,427	12,178,572	11,667,893	25,134,392	24,135,320
Total Assets	19,009,976	16,935,359	14,751,373	13,859,330	33,761,349	30,794,689
Deferred Outflows of Resources	1,621,875	-	445,360	-	2,067,235	-
Current and other liabilities	489,268	330,987	773,504	875,092	1,262,772	1,206,079
Long-term Liabilities	2,658,173	720,817	1,391,316	490,308	4,049,489	1,211,125
Total Liabilities	3,147,441	1,051,804	2,164,820	1,365,400	5,312,261	2,417,204
Deferred Inflows of Resources	418,089	-	40,892	-	458,981	-
Net Position:						
Net Investment in Capital Assets	12,812,218	12,449,742	10,951,613	11,356,286	23,763,831	23,806,028
Restricted	846,928	689,939	409,360	515,995	1,256,288	1,205,934
Unrestricted	3,407,175	2,743,874	1,630,048	621,649	5,037,223	3,365,523
Total Net Position	\$ 17,066,321	\$ 15,883,555	\$ 12,991,021	\$ 12,493,930	\$ 30,057,342	\$ 28,377,485

As of September 30, 2015, 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 increased by \$999,072 mainly as a result of current year acquisition of assets being greater than current year depreciation expense. This increase is in large part a result of infrastructure improvements discussed in further detail in the capital assets discussion. Some of the other large projects that contributed to this increase include:

- Library renovation
- Casino floating docks
- Pasadena Place culvert
- Paving
- Cameras
- Fire Rescue ATV
- Chase/Tonkin Park playground
- Marina fuel station
- Sidewalk replacement
- Boat lifts
- Recreation Center roof
- Casino point of sale system

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

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

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

Total long term liabilities increased by \$2,838,364 mainly due to two elements; the Florida Department of Environmental Protection loan proceeds of \$1,085,408 for planning costs involved in major sewer system rehabilitation improvements and an addition of the net pension liability in the amount of \$1,824,218.

There was a \$1,679,857 increase in the City's total net position, as compared to the previous year. A significant component of this increase is included within the Governmental Activities ending Net Position. Also, the City reported a cumulative effect of change in accounting principal for GASB 68, details are as follows:

	<u>Business-Type Activities</u>			<u>Governmental</u>	<u>Total</u>
	<u>Sanitation</u>	<u>Water/Sewer</u>	<u>Marina</u>	<u>Activities</u>	
Beginning Net Position, Unadjusted	\$ 822,994	\$ 9,478,413	\$ 2,192,523	\$ 15,883,555	\$ 28,377,485
Cumulative effect of Change					
in Accounting Principal for GASB 68	239,525	149,218	51,134	(531,765)	(91,888)
Current year change in Net Position	<u>27,820</u>	<u>(77,181)</u>	<u>106,575</u>	<u>1,714,531</u>	<u>1,771,745</u>
Total change in Net Position	267,345	72,037	157,709	1,182,766	1,679,857
Ending Net Position	<u>\$ 1,090,339</u>	<u>\$ 9,550,450</u>	<u>\$ 2,350,232</u>	<u>\$ 17,066,321</u>	<u>\$ 30,057,342</u>

Deferred Outflows and Deferred Inflows related to pensions were recorded as a result of implementing GASB68. These deferred elements represent inflows or consumption of resources related to future periods. Additional information regarding these balances are disclosed in Note 8 of the comprehensive annual financial report.

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS – Continued**

**Changes in Net Position**

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

**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 3,463,483	\$ 3,037,232	\$ 9,104,654	\$ 8,515,197	\$ 12,568,137	\$ 11,552,429
Operating Grants and Contributions	293,582	255,429	-	-	293,582	255,429
Capital Grants and Contributions	387,463	3,588	122,515	5,693	509,978	9,281
<b>General Revenues:</b>						
Property Taxes	2,847,757	2,661,517	-	-	2,847,757	2,661,517
Utility Taxes and Franchise	2,356,110	2,334,591	-	-	2,356,110	2,334,591
Sales, Use, and Other Taxes	2,636,630	2,307,291	-	-	2,636,630	2,307,291
Investment Income	33,341	35,552	1,307	(756)	34,648	34,796
Other	1,369,618	148,178	-	-	1,369,618	148,178
<b>Total Revenues</b>	<u>13,387,984</u>	<u>10,783,378</u>	<u>9,228,476</u>	<u>8,520,134</u>	<u>22,616,460</u>	<u>19,303,512</u>
<b>EXPENSES</b>						
General Government	1,540,150	1,451,430	-	-	1,540,150	1,451,430
Public Safety	5,315,316	4,984,168	-	-	5,315,316	4,984,168
Recreation	2,864,773	2,808,320	-	-	2,864,773	2,808,320
Community Development / Redevelopment	701,411	885,412	-	-	701,411	885,412
Public Works	1,629,692	1,658,580	-	-	1,629,692	1,658,580
Sanitation	-	-	1,970,680	1,983,954	1,970,680	1,983,954
Water and Sewer	-	-	5,242,366	4,684,122	5,242,366	4,684,122
Marina	-	-	1,580,327	1,609,964	1,580,327	1,609,964
<b>Total Expenses</b>	<u>12,051,342</u>	<u>11,787,910</u>	<u>8,793,373</u>	<u>8,278,040</u>	<u>20,844,715</u>	<u>20,065,950</u>
<b>Excess (Deficiency)</b>						
<b>Before Transfers</b>	1,336,642	(1,004,532)	435,103	242,094	1,771,745	(762,438)
Transfers	377,889	(319,166)	(377,889)	319,166	-	-
<b>Change in Net Position</b>	1,714,531	(1,323,698)	57,214	561,260	1,771,745	(762,438)
<b>Net Position - Beginning, as Restated</b>	15,351,790	17,207,253	12,933,807	11,932,670	28,285,597	29,139,923
<b>Net Position - Ending</b>	<u>\$ 17,066,321</u>	<u>\$ 15,883,555</u>	<u>\$ 12,991,021</u>	<u>\$ 12,493,930</u>	<u>\$ 30,057,342</u>	<u>\$ 28,377,485</u>

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

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

**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).

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

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

**Current Year Impacts**

Governmental activities program revenues increased by \$848,279, of which \$413,887 represents the increase in administrative overhead charged to the Enterprise Funds from 10% to 15% of budgeted recurring revenues of operations. General revenues increased by \$1,756,327 in FY 2015 and consists of increases from several components compared to the prior year including; Ad Valorem proceeds of \$171,269, Building Permits of \$39,915, Local Option Gas Tax \$32,442, as well as a final settlement of \$1,231,233 from BP Oil Company for damages sustained as a result of the oil spill on April 20, 2010. Returns realized from investments continued to remain low as the Federal Reserve sustained the prime rate at record low rates.

Revenues generated from charges for services for business-type activities increased by \$589,457 over the previous fiscal year while operating expenses increased by \$503,619, combined with other financing uses and sources the result was an increase in net position of \$57,214. The majority of the revenue increase is due to the Water and Sewer Fund's increased rate schedule. The new rate schedule is primarily due to the wholesale water and sewer fee increases on potable water and sewer treatment from the City of St. Petersburg. The City adopted a 12% rate increase for water, sewer, and sanitation charges to the customer in FY 2015. The increase in expense primarily related to the change in administrative overhead charged to the Enterprise Funds discussed in the preceding paragraph.

**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, 2015, the governmental funds reported a combined fund balance of \$5.43 million, which is a 31.8% increase when compared to the previous year combined fund balance of \$4.12 million. As of fiscal year end, the revenues exceeded the expenditures by \$932,788, before transfers, in all governmental funds combined (before transfers). This was largely due to the final settlement of \$1,231,233 from BP Oil Company for damages sustained as a result of the oil spill on April 20, 2010.

In accordance with GAAP, the City's fund balances are allocated as follows: non-spendable for prepaid items and inventories of \$61,400, restricted for various purposes \$846,928, assigned for various purposes \$233,839, and unassigned of \$4,291,306.

The General Fund is the chief operating fund of the City. The General Fund had a total fund balance of \$4,466,691 at year end 2015, of which \$4,330,304 is unassigned, available for unforeseen emergencies and is considered necessary for the City. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 39% of the total general fund expenditures, while total fund balance represents 40.2% of that same amount.

The General Fund completed the fiscal year with an increase to fund balance of \$1,028,887 after transfers, as stated previously due to the BP oil settlement. General Fund expenditures before transfers increased by \$455,957 over the prior fiscal year, primarily due to cost of living increases for general employees, the Library renovation project as well as some unexpected expenses such as overtime in the Fire Department and a flood in the Senior Center.

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

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

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 \$92,854. This minimal increase in fund balance shows that the City is prudently budgeting these funds for City projects, and completing projects as anticipated. 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 increased by \$57,214 from the prior year. Each of the Enterprise Funds are considered major funds, and therefore are to be reviewed and analyzed as a separate and distinct business, thus the following commentary focuses on each fund.

The Sanitation Fund is used to account for the operations of the City's solid waste utility. The Sanitation Fund had an increase in net position of \$27,820 compared to a decrease of \$253,656 in the prior year. The increase is largely due to a 12% increase in the sanitation rates imposed for the 2015 fiscal year. During fiscal year 2015, the City continued its efforts to move towards a single driver, side loader pick-up operation. This increased level of automation assisted in the reduction of service costs within the Sanitation Fund to help offset some of the PILOT, *payment in lieu of taxes*.

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 \$77,181 as compared to an increase of \$231,556 in the prior year. Beginning on July 25, 2015 and continuing through August 3, 2015 several weather systems moved through the State of Florida and brought heavy rainfall. The rainfall was so severe that on August 6, 2015 Governor Rick Scott issued Executive Order Number 2015-158 declaring a state of emergency. The excess water caused by these heavy rains inundated the City's sewer lines resulting in an extraordinarily high sewer bill from the City of St Petersburg. Although the City of Gulfport imposed a 12% increase in the 2015 Water and Sewer rate structure, the net effect of the large bill from the City of St. Petersburg, combined with the wholesale rate increase of 1.2% for water, and 1.1% for sewer, resulted a slight shortfall in the current year's net position.

See Schedule 9 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 economic decline beginning in 2008.

The Marina Fund is used to account for the operations of the City's marina. The Marina Fund had an increase in net position of \$106,575 compared to the prior year increase of \$583,360. The variance in current year compared to prior year increase is due to a transfer from the General Fund last year to fund the Marina renovation. Current year positive growth in net position is largely due to increased slip rentals and fuel sales.

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

**BUDGETARY HIGHLIGHTS – GENERAL FUND**

Final budgeted expenditures for the General Fund decreased by \$865,313 over the prior fiscal year. The majority of this decrease was due to the prior year budget including a transfer of \$880,000 to fund the Marina renovation.

The General Fund final budget increased by \$630,310 from the original budget because of budget amendments that allowed for transferring of funds from Capital Projects Fund and Library Trust fund into the General Fund to complete the library renovation project, as well as transfers from the Enterprise Fund's to allow for PILOT's greater than the amount originally budgeted.

Actual fiscal year 2015 net change in fund balance, including transfers, for the General Fund were less than the final budgeted net change in fund balance by \$98,543. Revenues actually collected came in under budget by \$406,613 due to economic fluctuation, while expenditures were under budget by \$308,070 mostly due to reduced personnel and benefit costs; as a result of vacant positions in several departments throughout the year under the City Manager's direction to manage personnel and employee costs where possible.

**GENERAL FUND**  
**For the Year Ended September 30, 2015**

<b>Expenditures</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,358,877	\$ 1,439,636	\$ 80,759
Public Safety	4,804,485	5,037,477	232,992
Leisure Services	2,629,224	2,979,679	350,455
Community Development /			
Redevelopment	681,817	758,206	76,389
Public Works	1,383,060	1,272,775	(110,285)
Transfers Out	-	-	-
	<u>\$ 10,857,463</u>	<u>\$ 11,487,773</u>	<u>\$ 630,310</u>

<b>Expenditures</b>	<u>Actual</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,421,361	\$ 1,439,636	\$ (18,275)
Public Safety	4,986,605	5,037,477	(50,872)
Leisure Services	2,859,419	2,979,679	(120,260)
Community Development /			
Redevelopment	659,068	758,206	(99,138)
Public Works	1,185,215	1,272,775	(87,560)
Transfers Out	68,035	-	68,035
	<u>\$ 11,179,703</u>	<u>\$ 11,487,773</u>	<u>\$ (308,070)</u>

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

**CAPITAL ASSETS**

As of September 30, 2015, the City had \$25,134,392 invested in a variety of capital assets, as compared to \$24,135,320 as of September 30, 2014. This represents a net increase of \$999,072 or 4.14% from the prior year. Governmental activities contributed 49% of this increase while business-type activities contributed 51%. The entire balance of Construction in Progress within the Governmental Activities of \$45,788 is a result of the architectural/engineering construction services for the Osgood Point Trail Connector. The components of construction in progress within the Business-type Activities are largely the Sanitary Sewer project as well as the beginning of the Ship Store Renovation at the Marina. Depreciation remained consistent with the prior year; however, acquisition of additional capital assets was greater than depreciation in the current year resulting in the overall increase.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 592,072	\$ 592,072	\$ 20,000	\$ 20,000	\$ 612,072	\$ 612,072
Construction in Progress	45,788	42,000	1,371,529	292,180	1,417,317	334,180
Buildings	10,870,274	10,492,759	737,905	737,905	11,608,179	11,230,664
Infrastructure and Improvements	14,238,565	13,297,030	22,292,950	21,932,349	36,531,515	35,229,379
Equipment	4,083,282	4,084,049	3,081,830	3,066,669	7,165,112	7,150,718
Software	361,557	350,594	49,410	49,410	410,967	400,004
	<u>30,191,538</u>	<u>28,858,504</u>	<u>27,553,624</u>	<u>26,098,513</u>	<u>57,745,162</u>	<u>54,957,017</u>
Less: Accumulated Depreciation	<u>(17,235,718)</u>	<u>(16,391,077)</u>	<u>(15,375,052)</u>	<u>(14,430,620)</u>	<u>(32,610,770)</u>	<u>(30,821,697)</u>
Capital Assets, net	<u>\$ 12,955,820</u>	<u>\$ 12,467,427</u>	<u>\$ 12,178,572</u>	<u>\$ 11,667,893</u>	<u>\$ 25,134,392</u>	<u>\$ 24,135,320</u>

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

**LONG TERM DEBT**

The City entered into an agreement with the Florida Department of Environmental Protection for a loan of up to \$1,500,000 for planning costs involved in major sewer system rehabilitation improvements. This is funded through the Clean Water State Revolving Fund (SRF) Loan Program protected under the Federal Clean Water Act. The current total principal and interest to be paid on the loan is \$1,085,408 as of September 30, 2015. On September 10, 2014 the City added Schedule of Property No. 2 to the Master Equipment Lease/Purchase Agreement, initially dated as of July 3, 2013. Both schedules were obtained for equipment related solid waste utility operation. Prior to that, the City had no outstanding long term debt. Business-type activities had \$1,198,753 in outstanding long term debt while the governmental activities remained free of long term debt at September 30, 2015.

**LONG TERM DEBT**  
**As of September 30**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Capital Leases	\$ -	\$ -	\$ 239,633	\$ 311,607	\$ 239,633	\$ 311,607
Notes Payable	-	-	959,120	-	959,120	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,198,753</u>	<u>\$ 311,607</u>	<u>\$ 1,198,753</u>	<u>\$ 311,607</u>

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

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

**ECONOMIC FACTORS AND YEAR 2016 BUDGETS AND RATES**

The City continued to face changing economic times in our community, state and nation. With the positive growth in property values, much of the budget development process is focused on beginning to address the past compounded decline in revenues and the continued ability of the City Council and staff to maintain the traditional high levels of personal services provided the residents of the City of Gulfport. It is paramount the City must continually address the sustained financial impact of providing such a high level of services as the City moves forward. Gulfport, like many other local governments, primarily relies on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees to fund governmental activities. The budget development process for FY 2016 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 2016 included:

- The Ad Valorem millage (property tax) had been budgeted to remain at 4.039 mils for the 4<sup>th</sup> consecutive year, although an increase in the actual assessed value of property in the City is projected to generate an estimated \$189,000 in additional revenue.
- Increase of 4.18% in total employee health insurance costs City-wide.
- Present a conservative Fiscal Year 2015/2016 Capital Improvement Program, due to on-going projects.
- Public Safety – Fund, adequately equip and train.
- Continue to improve Sanitary Sewer and Waterline Infrastructure.
- Marina/Waterfront Improvements.
- Financially sustain/maintain present high levels of City Services – within present revenue streams or sources.
- Uphold market equitable cost for services – No proposed Utility rate increases.
- Continue to seek to improve/create amenities and aesthetics with outside funding sources.
- Provide a 3% Salary Adjustment to all employees not included in Collective Bargaining Agreements.
- Implement Collective Bargaining Agreement – Pay Plans.
- Provide additional President's Day Holiday to all employees

**FINANCIAL CONTACT**

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

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## **Basic Financial Statements**

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

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**CITY OF GULFPORT, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2015

	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,786,042	\$ 1,415,542	\$ 5,201,584
Restricted Cash and Investments	846,928	646,055	1,492,983
Receivables (Net)	317,786	922,601	1,240,387
Due from Other Governments	268,657	48,342	316,999
Internal Balances	641,928	(641,928)	-
Inventories	35,163	82,839	118,002
Prepaid Items	26,237	20,149	46,386
Net Pension Asset	131,415	79,201	210,616
Capital Assets:			
Capital Assets Not Being Depreciated	637,860	1,391,529	2,029,389
Capital Assets Being Depreciated and Amortized (Net)	12,317,960	10,787,043	23,105,003
Total Capital Assets	12,955,820	12,178,572	25,134,392
<b>Total Assets</b>	<b>19,009,976</b>	<b>14,751,373</b>	<b>33,761,349</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows for Pensions	1,621,875	445,360	2,067,235
<b>LIABILITIES</b>			
Accounts Payable	253,599	409,417	663,016
Liabilities Payable from Restricted Assets	-	236,695	236,695
Accrued Liabilities	157,843	47,014	204,857
Due to Other Governments	11,393	80,378	91,771
Deposits	66,433	-	66,433
Long-term Liabilities:			
Due within One Year	244,995	122,119	367,114
Due in More Than One Year	2,413,178	1,269,197	3,682,375
<b>Total Liabilities</b>	<b>3,147,441</b>	<b>2,164,820</b>	<b>5,312,261</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows for Pensions	418,089	40,892	458,981
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,812,218	10,951,613	23,763,831
Restricted			
Sewer Projects	-	185,015	185,015
Capital Projects	775,514	224,345	999,859
Public Safety	55,551	-	55,551
Other Special Projects	15,863	-	15,863
Unrestricted	3,407,175	1,630,048	5,037,223
<b>Total Net Position</b>	<b>\$ 17,066,321</b>	<b>\$ 12,991,021</b>	<b>\$ 30,057,342</b>

*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, 2015

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 1,540,150	\$ 1,421,069	\$ -	\$ -
Public Safety	5,315,316	1,199,499	12,793	-
Recreation	2,864,773	694,132	206,483	138,000
Community Development/Redevelopment	701,411	-	-	-
Public Works	1,629,692	148,783	74,306	249,463
<b>Total Governmental Activities</b>	<u>12,051,342</u>	<u>3,463,483</u>	<u>293,582</u>	<u>387,463</u>
Business-type Activities:				
Sanitation	1,970,680	2,217,627	-	-
Water and Sewer	5,242,366	5,214,729	-	9,902
Marina	1,580,327	1,672,298	-	112,613
<b>Total Business-type Activities</b>	<u>8,793,373</u>	<u>9,104,654</u>	<u>-</u>	<u>122,515</u>
<b>Total</b>	<u>\$ 20,844,715</u>	<u>\$ 12,568,137</u>	<u>\$ 293,582</u>	<u>\$ 509,978</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, as Restated

Net Position - Ending

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (119,081)	\$ -	\$ (119,081)
(4,103,024)	-	(4,103,024)
(1,826,158)	-	(1,826,158)
(701,411)	-	(701,411)
<u>(1,157,140)</u>	<u>-</u>	<u>(1,157,140)</u>
<u>(7,906,814)</u>	<u>-</u>	<u>(7,906,814)</u>
-	246,947	246,947
-	(17,735)	(17,735)
-	204,584	204,584
<u>-</u>	<u>433,796</u>	<u>433,796</u>
<u>(7,906,814)</u>	<u>433,796</u>	<u>(7,473,018)</u>
2,847,757	-	2,847,757
729,721	-	729,721
1,258,211	-	1,258,211
1,588,647	-	1,588,647
186,960	-	186,960
391,349	-	391,349
70,389	-	70,389
767,463	-	767,463
33,341	1,307	34,648
1,369,618	-	1,369,618
<u>377,889</u>	<u>(377,889)</u>	<u>-</u>
<u>9,621,345</u>	<u>(376,582)</u>	<u>9,244,763</u>
1,714,531	57,214	1,771,745
<u>15,351,790</u>	<u>12,933,807</u>	<u>28,285,597</u>
<u>\$ 17,066,321</u>	<u>\$ 12,991,021</u>	<u>\$ 30,057,342</u>

**CITY OF GULFPORT, FLORIDA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
September 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,735,123	\$ 372,666	\$ 525,181	\$ 4,632,970
Accounts Receivable (Net)	296,663	-	21,123	317,786
Due from Other Funds	689,891	-	-	689,891
Due from Other Governments	23,657	245,000	-	268,657
Prepaid Items	25,399	-	838	26,237
Inventories	35,163	-	-	35,163
<b>Total Assets</b>	<u>\$ 4,805,896</u>	<u>\$ 617,666</u>	<u>\$ 547,142</u>	<u>\$ 5,970,704</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 105,113	\$ 147,403	\$ 1,083	\$ 253,599
Accrued Liabilities	156,266	-	1,577	157,843
Due to Other Funds	-	-	47,963	47,963
Due to Other Governments	11,393	-	-	11,393
Deposits Payable	66,433	-	-	66,433
<b>Total Liabilities</b>	<u>339,205</u>	<u>147,403</u>	<u>50,623</u>	<u>537,231</u>
Fund Balances:				
Nonspendable Inventories and Prepaids	60,562	-	838	61,400
Restricted for Law Enforcement	-	-	55,551	55,551
Restricted for Capital Purchases	-	470,263	305,251	775,514
Restricted for Donor Provisions	15,863	-	-	15,863
Assigned for Subsequent Year's Budget	59,962	-	-	59,962
Assigned for Waterfront Redevelopment	-	-	173,877	173,877
Unassigned (Deficit)	4,330,304	-	(38,998)	4,291,306
<b>Total Fund Balances</b>	<u>4,466,691</u>	<u>470,263</u>	<u>496,519</u>	<u>5,433,473</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,805,896</u>	<u>\$ 617,666</u>	<u>\$ 547,142</u>	<u>\$ 5,970,704</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, 2015

<b>Total fund balances of governmental funds</b>		<b>\$ 5,433,473</b>
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 \$30,191,538, and the accumulated depreciation and amortization is \$17,235,718.		12,955,820
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	\$ (241,069)	
Net pension liability	(1,824,218)	
Compensated absences	<u>(592,886)</u>	(2,658,173)
The net pension asset is not a current financial resource; and therefore is not reported in governmental funds.		131,415
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	1,621,875	
Deferred inflows of resources for pensions	<u>(418,089)</u>	1,203,786
 <b>Total net position of governmental activities</b>		 <b><u><u>\$ 17,066,321</u></u></b>

*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, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 5,245,024	\$ 1,258,211	\$ 195,287	\$ 6,698,522
Permits and Fees	329,808	4,463	-	334,271
Intergovernmental Revenues	1,966,238	245,000	-	2,211,238
Charges for Services	2,118,542	-	-	2,118,542
Fines and Forfeitures	410,078	-	16,318	426,396
Investment Income	33,341	-	-	33,341
Miscellaneous Revenues	1,564,137	226	1,311	1,565,674
<b>Total Revenues</b>	<u>11,667,168</u>	<u>1,507,900</u>	<u>212,916</u>	<u>13,387,984</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,421,361	-	-	1,421,361
Public Safety	4,986,605	-	39,546	5,026,151
Recreation	2,859,419	-	53	2,859,472
Community Development/ Redevelopment	659,068	-	114,883	773,951
Public Works	1,185,215	-	-	1,185,215
Capital Outlay	-	1,189,046	-	1,189,046
<b>Total Expenditures</b>	<u>11,111,668</u>	<u>1,189,046</u>	<u>154,482</u>	<u>12,455,196</u>
<b>Excess of Revenues Over Expenditures</b>	<u>555,500</u>	<u>318,854</u>	<u>58,434</u>	<u>932,788</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers In	541,422	-	193,035	734,457
Transfers (Out)	(68,035)	(226,000)	(62,533)	(356,568)
<b>Total Other Financing Sources and (Uses)</b>	<u>473,387</u>	<u>(226,000)</u>	<u>130,502</u>	<u>377,889</u>
<b>Net Change in Fund Balances</b>	1,028,887	92,854	188,936	1,310,677
<b>Fund Balances - Beginning</b>	<u>3,437,804</u>	<u>377,409</u>	<u>307,583</u>	<u>4,122,796</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,466,691</u>	<u>\$ 470,263</u>	<u>\$ 496,519</u>	<u>\$ 5,433,473</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, 2015**

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

Net change in fund balances - total governmental funds		\$ 1,310,677
<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 capital purchases (\$1,624,787) exceeds depreciation and amortization (\$1,136,394).</p>		
		488,393
<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	(76,740)	
Other postemployment benefits	<u>(36,398)</u>	
		(113,138)
<p>Governmental funds report City pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned net of contributions is reported as pension expense.</p>		
Difference between pension contributions and net pension expense		<u>28,599</u>
Change in net position of governmental activities		<u><u>\$ 1,714,531</u></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, 2015

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 129,878	\$ 518,029	\$ 767,635	\$ 1,415,542
Restricted Assets:				
Cash Held for Customer Deposits	-	154,526	82,169	236,695
Cash Held for Capital Equipment	-	224,345	-	224,345
Cash Held for Sewer Impact Fees	-	185,015	-	185,015
Accounts Receivable (Net)	241,227	504,601	176,773	922,601
Due from Other Funds	-	-	-	-
Due from Other Governments	-	48,342	-	48,342
Inventories	-	51,099	31,740	82,839
Prepaid Items	-	19,149	1,000	20,149
<b>Total Current Assets</b>	<b>371,105</b>	<b>1,705,106</b>	<b>1,059,317</b>	<b>3,135,528</b>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	20,000	20,000
Buildings	230,746	411,965	95,194	737,905
Infrastructure and Improvements	295,053	17,428,557	4,569,340	22,292,950
Equipment and Machinery	2,145,176	879,770	56,884	3,081,830
Software	12,167	36,274	969	49,410
Construction in Progress	-	1,178,760	192,769	1,371,529
Less: Accumulated Depreciation and Amortization	(1,841,428)	(10,345,756)	(3,187,868)	(15,375,052)
Total Capital Assets (Net)	841,714	9,589,570	1,747,288	12,178,572
Net Pension Asset	43,127	26,868	9,206	79,201
<b>Total Noncurrent Assets</b>	<b>884,841</b>	<b>9,616,438</b>	<b>1,756,494</b>	<b>12,257,773</b>
<b>Total Assets</b>	<b>1,255,946</b>	<b>11,321,544</b>	<b>2,815,811</b>	<b>15,393,301</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows for Pensions	\$ 242,511	\$ 151,077	\$ 51,772	\$ 445,360

*Continued*

**CITY OF GULFPORT, FLORIDA**  
STATEMENT OF NET POSITION - Continued  
PROPRIETARY FUNDS  
September 30, 2015

**Business-type Activities - Enterprise Funds**

	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 39,989	\$ 364,859	\$ 4,569	\$ 409,417
Accrued Liabilities	31,459	10,259	5,296	47,014
Due to Other Funds	-	263,294	378,634	641,928
Due to Other Governments	-	74,185	6,193	80,378
Liabilities Payable from Restricted Assets - Deposits	-	154,526	82,169	236,695
Capital Lease Payable	73,222	-	-	73,222
Compensated Absences Payable	17,319	22,684	8,894	48,897
<b>Total Current Liabilities</b>	<u>161,989</u>	<u>889,807</u>	<u>485,755</u>	<u>1,537,551</u>
Noncurrent Liabilities:				
Other Postemployment Benefits	29,559	17,623	5,522	52,704
Capital Lease Payable	166,411	-	-	166,411
Revolving Loan Payable	-	959,120	-	959,120
Compensated Absences Payable	27,892	41,750	21,320	90,962
<b>Total Noncurrent Liabilities</b>	<u>223,862</u>	<u>1,018,493</u>	<u>26,842</u>	<u>1,269,197</u>
<b>Total Liabilities</b>	<u>385,851</u>	<u>1,908,300</u>	<u>512,597</u>	<u>2,806,748</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows for Pensions	22,267	13,871	4,754	40,892
<b>NET POSITION</b>				
Net Investment in Capital Assets	602,081	8,602,244	1,747,288	10,951,613
Restricted for Sewer Projects	-	185,015	-	185,015
Restricted for Capital Purchases	-	224,345	-	224,345
Unrestricted	488,258	538,846	602,944	1,630,048
<b>Total Net Position</b>	<u>\$ 1,090,339</u>	<u>\$ 9,550,450</u>	<u>\$ 2,350,232</u>	<u>\$ 12,991,021</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, 2015

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 2,205,634	\$ 5,208,839	\$ 1,672,298	\$ 9,086,771
Miscellaneous Revenues	11,993	5,890	-	17,883
<b>Total Operating Revenues</b>	<u>2,217,627</u>	<u>5,214,729</u>	<u>1,672,298</u>	<u>9,104,654</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	832,635	569,969	210,253	1,612,857
Contracted Services	382,647	3,072,191	9,341	3,464,179
Supplies and Materials	71,883	123,028	688,174	883,085
Repairs and Maintenance	137,231	97,791	34,014	269,036
Administrative Overhead	326,840	731,295	279,240	1,337,375
Other Services and Charges	16,742	55,744	137,428	209,914
Depreciation and Amortization	197,732	582,073	221,785	1,001,590
<b>Total Operating Expenses</b>	<u>1,965,710</u>	<u>5,232,091</u>	<u>1,580,235</u>	<u>8,778,036</u>
<b>Operating Income (Loss)</b>	<u>251,917</u>	<u>(17,362)</u>	<u>92,063</u>	<u>326,618</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	592	554	161	1,307
Interest Expense	(4,970)	(10,275)	(92)	(15,337)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(4,378)</u>	<u>(9,721)</u>	<u>69</u>	<u>(14,030)</u>
<b>Income (Loss) Before Contributions and Transfers</b>	247,539	(27,083)	92,132	312,588
Capital Contributions	-	9,902	112,613	122,515
Transfers (Out)	(219,719)	(60,000)	(98,170)	(377,889)
<b>Change in Net Position</b>	27,820	(77,181)	106,575	57,214
<b>Total Net Position - Beginning, as Restated</b>	<u>1,062,519</u>	<u>9,627,631</u>	<u>2,243,657</u>	<u>12,933,807</u>
<b>Total Net Position - Ending</b>	<u>\$ 1,090,339</u>	<u>\$ 9,550,450</u>	<u>\$ 2,350,232</u>	<u>\$ 12,991,021</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, 2015

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 2,187,353	\$ 5,166,888	\$ 1,766,677	\$ 9,120,918
Payments to Suppliers	(926,652)	(4,221,985)	(1,153,264)	(6,301,901)
Payments to Employees	(849,006)	(577,485)	(210,690)	(1,637,181)
<b>Net Cash Provided by Operating Activities</b>	<b>411,695</b>	<b>367,418</b>	<b>402,723</b>	<b>1,181,836</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers (to) Other Funds	(219,719)	(60,000)	(98,170)	(377,889)
<b>Net Cash (Used) in Noncapital Financing Activities</b>	<b>(219,719)</b>	<b>(60,000)</b>	<b>(98,170)</b>	<b>(377,889)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition/Construction of Capital Assets	-	(1,176,398)	(307,665)	(1,484,063)
Impact Fees Received	-	9,902	-	9,902
Capital Grants Received	-	-	112,613	112,613
Proceeds from Revolving Loan	-	959,120	-	959,120
Principal Payments	(71,974)	-	-	(71,974)
Interest Payments	(4,970)	(10,275)	(92)	(15,337)
<b>Net Cash (Used) in Capital and Related Financing Activities</b>	<b>(76,944)</b>	<b>(217,651)</b>	<b>(195,144)</b>	<b>(489,739)</b>
<b>Cash Flows from Investing Activities</b>				
Income Received from Investments	592	554	161	1,307
<b>Net Cash Provided in Investing Activities</b>	<b>592</b>	<b>554</b>	<b>161</b>	<b>1,307</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>115,624</b>	<b>90,321</b>	<b>109,570</b>	<b>315,515</b>
Cash and Cash Equivalents at Beginning of Year	14,254	991,594	740,234	1,746,082
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 129,878</b>	<b>\$ 1,081,915</b>	<b>\$ 849,804</b>	<b>\$ 2,061,597</b>

*Continued*

**CITY OF GULFPORT, FLORIDA**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS**  
For The Year Ended September 30, 2015

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Water and Sewer</b>	<b>Marina</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	\$ 251,917	\$ (17,362)	\$ 92,063	\$ 326,618
Depreciation and Amortization	197,732	582,073	221,785	1,001,590
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(30,274)	(50,636)	80,268	(642)
(Increase) Decrease in Due from Other Governments	-	2,017	-	2,017
(Increase) Decrease in Prepaid Items	-	(2,693)	-	(2,693)
(Increase) Decrease in Inventories	-	17,911	(3,241)	14,670
(Increase) Decrease in Deferred Outflows	(242,511)	(151,077)	(51,772)	(445,360)
Increase (Decrease) in Accounts Payable	8,691	(155,376)	(1,524)	(148,209)
Increase (Decrease) in Due to Other Governments	-	(1,778)	(302)	(2,080)
Increase (Decrease) in OPEB	4,178	1,969	1,044	7,191
Increase (Decrease) in Net Pension Liability	196,398	122,350	41,928	360,676
Increase (Decrease) in Accrued Liabilities	3,428	1,397	781	5,606
Increase (Decrease) in Compensated Absences	(131)	3,974	2,828	6,671
Increase (Decrease) in Customer Deposits	-	778	14,111	14,889
Increase (Decrease) in Deferred Inflows	<u>22,267</u>	<u>13,871</u>	<u>4,754</u>	<u>40,892</u>
<b>Total Adjustments</b>	<u>159,778</u>	<u>384,780</u>	<u>310,660</u>	<u>855,218</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 411,695</u>	<u>\$ 367,418</u>	<u>\$ 402,723</u>	<u>\$ 1,181,836</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, 2015

**ASSETS**

Cash and Cash Equivalents:	
Short Term Investments	\$ 136,321
Money Market	150,791
Cash	<u>1</u>
Total Cash and Cash Equivalents	<u>287,113</u>

Receivables:	
City Contributions in Transit	268,272
Due from Broker	145,213
Investment Income	30,825
Due from Government	<u>185,615</u>
Total Receivables	<u>629,925</u>

Investments, at Fair Value:	
Fixed Income	3,225,626
Equities	4,829,807
Stocks	1,126,528
Real Estate	45,344
Mutual Funds:	
Equity	9,330,125
Fixed Income	<u>6,073,325</u>
Total Investments	<u>24,630,755</u>
<b>Total Assets</b>	<u><b>25,547,793</b></u>

**LIABILITIES**

Prepaid City Contribution	21,739
Payable to Broker for Investment Purchase	146,338
Accounts Payable	<u>2,753</u>
<b>Total Liabilities</b>	<u><b>170,830</b></u>

<b>Net Position Restricted for Pension Benefits</b>	<u><b>\$ 25,376,963</b></u>
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*The notes to the financial statements are an integral part of the financial statements.*

**CITY OF GULFPORT, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
For The Year Ended September 30, 2015

**ADDITIONS**

Contributions	
City	\$ 999,461
Member	277,693
State	<u>185,615</u>
Total Contributions	<u>1,462,769</u>
Investment Income (Loss)	
Net Increase in Fair Value of Investments	(1,341,681)
Interest and Dividends	1,056,322
Less: Investment Expense <sup>1</sup>	<u>(110,641)</u>
Net Investment Income (Loss)	<u>(396,000)</u>
<b>Total Additions</b>	<u>1,066,769</u>

**DEDUCTIONS**

Distributions to Members:	
Benefit Payments	1,139,107
Lump Sum PLOP Distributions	<u>62,020</u>
Total Distributions	<u>1,201,127</u>
Administrative Expense	<u>135,295</u>
<b>Total Deductions</b>	<u>1,336,422</u>

**Change in Net Position** (269,653)

**Net Position Restricted for Pension Benefits**

<b>Beginning of Year</b>	<u>25,646,616</u>
<b>End of Year</b>	<u><u>\$ 25,376,963</u></u>

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

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

# **CITY OF GULFPORT, FLORIDA**

## **NOTES TO FINANCIAL STATEMENTS**

**Year Ended September 30, 2015**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. REPORTING ENTITY**

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

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

#### **Blended Component Units**

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

#### B. BASIC FINANCIAL STATEMENTS

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All non-major funds are summarized into a single column. The City has reported the General Fund and Capital Projects Fund as major funds. In addition, all three of the City's enterprise funds are major funds. The City has reported the 49<sup>th</sup> Street Redevelopment District, 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, 2015

### 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 49<sup>th</sup> 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, 2015

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

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

##### 2. Proprietary Funds: *(Continued)*

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

##### 3. Fiduciary Funds:

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

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

#### D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

### 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, DEFERRED ELEMENTS, AND FUND EQUITY

##### Cash and Investments

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

Investments are carried at a mixture of 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, 2015

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

#### E. ASSETS, LIABILITIES, DEFERRED ELEMENTS 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 Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Florida PRIME. All other investments are carried at fair value.

##### **Receivables and Payables**

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

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

Property taxes, which were levied during fiscal year 2015 and are uncollected as of September 30, 2015, are immaterial and, therefore, not recorded as a receivable.

##### **Inventories**

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

##### **Prepaid Expenditures/Expenses**

Payments made to vendors for services, as well as to the actuary for pension contributions, that will benefit periods beyond September 30, 2015, 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, 2015

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

#### E. ASSETS, LIABILITIES, DEFERRED ELEMENTS 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 Pension Liability**

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

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

##### Net Pension Liability *(Continued)*

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

##### Deferred Outflows of Resources / Deferred Inflows of Resources

In addition to assets and liabilities, the City reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The City reports one item that qualifies as deferred outflows of resources on its government-wide and proprietary statements of net position, deferred outflows for pensions. The deferred outflows for pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows for pensions will be recognized as pension expense or a reduction of the net pension liability in future reporting years.

The City reports one item that qualifies as deferred inflows of resources on its government-wide and proprietary statements of net position, deferred inflows for pensions. The deferred inflows for pensions are an aggregate of items related to pensions as calculated under the same principles as deferred outflows for pensions, and will be recognized as a reduction to pension expense in future reporting years.

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

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

##### **Net Position**

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

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

##### **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 Council can establish, modify or rescind a fund balance commitment through the formal approval of an ordinance.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

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

##### Fund Balance *(Continued)*

- **Assigned Fund Balance** - Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Council or (b) a body or official to which the Council has delegated the authority to assign amounts to be used for specific purposes. The City Manager has the official authority to assign fund balance in accordance with the City's Fund Balance Policy. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget.
- **Unassigned Fund Balance** - Unassigned fund balance is the residual classification for the General Fund and also includes deficit fund balances of other governmental funds.

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

##### 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. These funds can only be used for an emergency as authorized in section 310 and 311 of the City Charter. If during any year, money is appropriated out of the unassigned fund and is spent in an amount that results in the unassigned funds being depleted below the required twenty five (25) percent budget minimum, then the Council shall in subsequent years add to the unassigned funds the lesser of a total of two hundred fifty thousand dollars (\$250,000) per year or whatever amount is necessary to achieve unassigned funds that are 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.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

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

##### **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.
- 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 Council. The 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, 2015

### 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, 2015 was 4.039 mills.

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

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

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

#### H. INTERFUND TRANSACTIONS

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

### 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, 2015, the bank balance of the City's cash deposit accounts was \$5,239,932 and the carrying amount of the demand deposits and cash on hand was \$4,613,923. 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) SEC registered money market funds with the highest credit rating from a nationally recognized rating agency; c) obligations of government-sponsored corporations (instrumentalities - which are usually "AAA" rated but have no explicit government guarantee), which are eligible as collateral for advances to member banks, as determined by the Board of Governors of the Federal Reserve; d) collateralized mortgage obligations ("CMO's") with very accurately defined maturities issued by Federal Agencies and instrumentalities and limited to VATM/accretion directed CMO's or planned amortization class CMO's or sequential bonds CMO's; e) bankers acceptance guaranteed by banking institutions with a bank rating of "AA" on its long-term debt; f) prime commercial paper having received an "A1/P1" or higher rating by a nationally recognized rating agency; g) non-negotiable certificates of deposit and bank investment contracts ("BIC"), which can be insured, collateralized at the Federal Reserve

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

#### **Investments *(Continued)***

or qualify as state-qualified public deposits, as defined by Florida Statutes; h) taxable or tax-exempt government bonds, notes or other obligations of state or local governments, including municipal corporations and special districts, of investment-grade quality; i) repurchase agreements with a “primary securities dealer” or with the City’s primary state certified public depository that are collateralized pursuant to State law and pursuant to a Master Repurchase Agreement entered into with the selling institution; j) auction rate securities (Dutch Auctions) rated “AA” or “AAA” with 28-35 day resets rated by a nationally-recognized rating agency; and k) corporate debt of corporations whose long-term debt is rated at least “AA-” or equivalent by a nationally recognized rating agency.

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

The City’s investments carried at fair value as of September 30, 2015, are as follows:

	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
Florida Surplus Asset Fund Trust	\$ 2,017,517	54 days (1)	S&P AAAM
Florida PRIME	63,127	29 days (1)	S&P AAAM
Total Investments	\$ 2,080,644		

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

**Interest Rate Risk-** In compliance with the City’s investment policy, as of September 30, 2015, 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, 2015

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

#### Investments *(Continued)*

**Credit Risk** - In compliance with the City’s Investment Policy, as of September 30, 2015, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, U.S. Government Agency securities and government investment pools, and by pre-qualifying the financial institutions with which the City does business. Mortgage-backed U.S. Government Agencies securities are collateralized mortgage obligations restricted to those backed by GMNA, FHLMC, or FNMA and must pass the FIEC high-risk security test. Additional information on pension investments can be found in Note 8.

#### General Employees’ Pension Fund

##### 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, 2015:

	Fair Value	Weighted Average Maturity	Credit Rating
Money Market Funds	\$ 72,730	n/a	n/a
Equity Mutual Funds	8,581,185	n/a	n/a
Fixed Income Mutual Funds	4,776,176	n/a	n/a
Total Investments	\$ 13,430,091		

**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, 2015

### 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, 2015:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Money Market Funds	\$ 150,791	n/a	n/a
Fixed Income	3,225,626	7.55 Years	Aa3/ A+
Equities	4,829,807		
Real Estate	45,344	n/a	n/a
Total Investments	<u>\$ 8,251,568</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 bond mutual 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, 2015

### 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, 2015:

	<b>Fair Value</b>	<b>Weighted Average Maturity</b>	<b>Credit Rating</b>
Money Market Funds	\$ 63,591	n/a	n/a
Stocks	1,126,528	n/a	n/a
Equity Mutual Funds	748,940	n/a	n/a
Fixed Income Mutual Funds	1,297,149	n/a	n/a
Total Investments	<u>\$ 3,236,208</u>		

**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, 2015**

### NOTE 3 - RECEIVABLES

Receivables as of September 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Accounts Receivable:			
Billed	\$ 88,732	\$ 829,672	\$ 918,404
Unbilled	12,069	362,499	374,568
Payroll Advance	5,124	2,529	7,653
Code Enforcement Liens	278,708	-	278,708
Total Receivables	384,633	1,194,700	1,579,333
Allowance for Uncollectibles	(66,847)	(272,099)	(338,946)
Net Total Receivables	\$ 317,786	\$ 922,601	\$ 1,240,387

### NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers consist of the following for the year ended September 30, 2015:

Fund	Transfers In	Transfers Out
General	\$ 541,422	\$ 68,035
Capital Projects	-	226,000
Sanitation	-	219,719
Water and Sewer	-	60,000
Marina	-	98,170
Nonmajor Special Revenue Funds	193,035	62,533
Total	\$ 734,457	\$ 734,457

The transfers out made by the Marina, Sanitation, and Water and Sewer Funds to the General Fund represent payments in lieu of taxes (PILOT). The transfers out of the Capital Projects Fund were for additional funding for a redevelopment project and the library renovation project.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

Interfund payables and receivables consist of the following for the year ended September 30, 2015:

Fund	Due From	Due To
General	\$ 689,891	\$ -
Water and Sewer	-	263,294
Marina	-	378,634
Nonmajor Special Revenue Funds	-	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, 2015 was as follows:

	Beginning Balance 10/1/2014	Additions	Deletions	Ending Balance 9/30/2015
<b>Governmental Activities:</b>				
Non-depreciated Assets:				
Land	\$ 592,072	\$ -	\$ -	\$ 592,072
Construction in Progress	42,000	45,788	(42,000)	45,788
Depreciated and Amortized Assets:				
Buildings	10,492,759	377,515	-	10,870,274
Infrastructure and Improvements	13,297,030	955,276	(13,741)	14,238,565
Equipment	4,084,049	277,245	(278,012)	4,083,282
Software	350,594	10,963	-	361,557
Total Capital Assets at Historical Cost	28,858,504	1,666,787	(333,753)	30,191,538
Less Accumulated Depreciation and Amortization for:				
Buildings	4,204,958	284,162	-	4,489,120
Infrastructure and Improvements	9,085,779	556,191	(13,741)	9,628,229
Equipment	2,762,963	290,534	(278,012)	2,775,485
Software	337,377	5,507	-	342,884
Total Accumulated Depreciation and Amortization	16,391,077	1,136,394	(291,753)	17,235,718
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	\$ 12,467,427	\$ 530,393	\$ (42,000)	\$ 12,955,820

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

	Beginning Balance 10/1/2014	Additions	Deletions	Ending Balance 9/30/2015
<b>Business-Type Activities:</b>				
Non-depreciated Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in Progress	292,180	1,107,771	(28,422)	1,371,529
Depreciated and Amortized Assets:				
Buildings	737,905	-	-	737,905
Infrastructure and Improvements	21,932,349	366,283	(5,682)	22,292,950
Equipment	3,066,669	38,215	(23,054)	3,081,830
Software	49,410	-	-	49,410
Total at Historical Cost	<u>26,098,513</u>	<u>1,512,269</u>	<u>(57,158)</u>	<u>27,553,624</u>
Less Accumulated Depreciation and Amortization for:				
Buildings	581,368	9,176	-	590,544
Infrastructure and Improvements	11,957,052	756,217	(34,104)	12,679,165
Equipment	1,842,790	236,197	(23,054)	2,055,933
Software	49,410	-	-	49,410
Total Accumulated Depreciation and Amortization	<u>14,430,620</u>	<u>1,001,590</u>	<u>(57,158)</u>	<u>15,375,052</u>
<b>Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 11,667,893</u>	<u>\$ 510,679</u>	<u>\$ -</u>	<u>\$ 12,178,572</u>

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

General Government	\$ 63,812
Public Safety	254,963
Leisure Services	357,258
Community Development/ Redevelopment	3,007
Public Works	457,354
	<u>\$ 1,136,394</u>

Depreciation and amortization was charged to business-type activities: \$197,732 to sanitation, \$582,073 to water and sewer, and \$221,785 to marina operations.

### 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, 2015**

### 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, loan payable, accrued compensated absences, other postemployment benefits liability, and net pension liability. The change in long term liabilities is as follows:

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015	Due in One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 516,146	\$ 442,607	\$ (365,867)	\$ 592,886	\$ 244,995
Net Pension Liability	1,247,474	576,744	-	1,824,218	-
Other Postemployment Benefits	204,671	36,398	-	241,069	-
	<u>\$ 1,968,291</u>	<u>\$ 1,055,749</u>	<u>\$ (365,867)</u>	<u>\$ 2,658,173</u>	<u>\$ 244,995</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 133,188	\$ 89,780	\$ (83,108)	\$ 139,860	\$ 48,897
Capital Lease	311,607	-	(71,974)	239,633	73,222
State Revolving Loan	-	959,120	-	959,120	-
Other Postemployment Benefits	45,513	7,191	-	52,704	-
	<u>\$ 490,308</u>	<u>\$ 1,056,091</u>	<u>\$ (155,082)</u>	<u>\$ 1,391,317</u>	<u>\$ 122,119</u>

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

#### *State Revolving Loan*

The City entered into an agreement with the Florida Department of Environmental Protection for a loan of up to \$1,500,000 for planning costs involved in major sewer system rehabilitation improvements. This is funded through the Clean Water State Revolving Fund (SRF) Loan Program protected under the Federal Clean Water Act. The interest rate is 2.12% per year, and repayment of the loan will begin in November 2017 after construction is completed and all required funding is obtained from the available loan.

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the loan. The loan is payable solely from water and sewer customer net revenues and is payable through 2037. Rate coverage for the loan requires that the pledged revenues equal or exceed 1.15 times the sum of the semiannual loan payments due in the fiscal year. The current total principal and interest to be paid on the loan is \$1,085,408. No principal and interest was paid during the current year and total pledged revenues were \$5,215,283.

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2015**

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

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

FY Ending	Principal	Interest
2016	\$ -	\$ -
2017	-	-
2018	27,411	26,859
2019	44,512	9,758
2020	44,985	9,285
2021-2025	232,199	39,154
2026-2030	244,803	26,549
2031-2035	258,092	13,260
2036-2037	107,118	1,423
	<u>\$ 959,120</u>	<u>\$ 126,288</u>

*Capital Leases*

The City entered into a Master Equipment Lease/Purchase agreement with Bank of America on July 3, 2013. The equipment cost on a cumulative basis under this agreement is \$367,852. The interest rate for these agreements range from 1.6143% - 1.9104%. Future minimum lease payments are as follows:

FY Ending	Principal	Interest
2016	\$ 73,222	\$ 3,722
2017	74,492	2,453
2018	63,689	1,113
2019	28,230	338
	<u>\$ 239,633</u>	<u>\$ 7,626</u>

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

### NOTE 8 - PENSION PLANS

#### Pension Plan Financial Statements

**CITY OF GULFPORT, FLORIDA**  
STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
September 30, 2015

	<b>General Employees' Pension</b>	<b>Police Officers' Pension</b>	<b>Fire fighters' Pension</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Short Term Investments	\$ 72,730	\$ -	\$ 63,591	\$ 136,321
Money Market	-	150,791	-	150,791
Cash	-	1	-	1
<b>Total Cash and Cash Equivalents</b>	<b>72,730</b>	<b>150,792</b>	<b>63,591</b>	<b>287,113</b>
Receivables:				
City Contributions in Transit	148,300	74,346	45,626	268,272
Due From Broker	-	145,213	-	145,213
Investment Income	-	29,558	1,267	30,825
Due From Government	-	90,084	95,531	185,615
<b>Total Receivable</b>	<b>148,300</b>	<b>339,201</b>	<b>142,424</b>	<b>629,925</b>
Investments, at Fair Value:				
Fixed Income	-	3,225,626	-	3,225,626
Equities	-	4,829,807	-	4,829,807
Stocks	-	-	1,126,528	1,126,528
Real Estate	-	45,344	-	45,344
Mutual Funds:				
Equity	8,581,185	-	748,940	9,330,125
Fixed Income	4,776,176	-	1,297,149	6,073,325
<b>Total Investments</b>	<b>13,357,361</b>	<b>8,100,777</b>	<b>3,172,617</b>	<b>24,630,755</b>
<b>Total Assets</b>	<b>13,578,391</b>	<b>8,590,770</b>	<b>3,378,632</b>	<b>25,547,793</b>
<b>LIABILITIES</b>				
Prepaid City Contribution	-	21,739	-	21,739
Payable to Broker for Investment Purchase	-	146,338	-	146,338
Accounts Payable	1,295	1,458	-	2,753
<b>Total Liabilities</b>	<b>1,295</b>	<b>169,535</b>	<b>-</b>	<b>170,830</b>
<b>Net Position Restricted</b>				
<b>for Pension Benefits</b>	<b>\$ 13,577,096</b>	<b>\$ 8,421,235</b>	<b>\$ 3,378,632</b>	<b>\$ 25,376,963</b>

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

#### **Pension Plan Financial Statements *(Continued)***

**CITY OF GULFPORT, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
For The Year Ended September 30, 2015

	<b>General Employees' Pension</b>	<b>Police Officers' Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions				
City	\$ 554,653	\$ 280,862	\$ 163,946	\$ 999,461
Member	74,112	154,189	49,392	277,693
State	-	90,084	95,531	185,615
Total Contributions	628,765	525,135	308,869	1,462,769
Investment Income (Loss)				
Net Increase in Fair Value of Investments	(960,509)	(265,889)	(115,283)	(1,341,681)
Interest & Dividends	716,421	250,126	89,775	1,056,322
Less: Investment Expense <sup>1</sup>	(30,468)	(48,223)	(31,950)	(110,641)
Net Investment Income (Loss)	(274,556)	(63,986)	(57,458)	(396,000)
<b>Total Additions</b>	<b>354,209</b>	<b>461,149</b>	<b>251,411</b>	<b>1,066,769</b>
<b>DEDUCTIONS</b>				
Distributions to Members:				
Benefit Payments	549,343	467,338	122,426	1,139,107
Lump Sum PLOP Distributions	18,482	12,287	31,251	62,020
Total Distributions	567,825	479,625	153,677	1,201,127
Administrative Expense	56,985	41,565	36,745	135,295
<b>Total Deductions</b>	<b>624,810</b>	<b>521,190</b>	<b>190,422</b>	<b>1,336,422</b>
<b>Change in Net Position</b>	(270,601)	(60,041)	60,989	(269,653)
<b>Net Position - Beginning of Year</b>	13,847,697	8,481,276	3,317,643	25,646,616
<b>Net Position - End of Year</b>	<b>\$ 13,577,096</b>	<b>\$ 8,421,235</b>	<b>\$ 3,378,632</b>	<b>\$ 25,376,963</b>

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

#### Summary of Significant Accounting Policies

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

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

#### Plan Description

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

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

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

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

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2015**

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

**Plan Description (Continued)**

*Plan Membership as of October 1, 2014*

	General Employees	Police Officers	Firefighters
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	58	24	22
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	73	6	8
Active Plan Members	64	31	13
	<u>195</u>	<u>61</u>	<u>43</u>

*Benefits Provided*

General Employees' Pension Plan (GEPP):

The GEPP provides retirement, termination and death benefits.

Normal Retirement:

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

Benefit: 2.0% of Average Compensation times Credited Service.

Early Retirement:

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

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

Termination of Employment:

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

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

Pre-Retirement Death Benefits:

Eligibility: 5 Years of Credited Service.

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

#### Plan Description *(Continued)*

##### *Benefits Provided (Continued)*

##### Firefighters' Pension Plan (FPP):

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

##### Normal Retirement:

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

Benefit: 3.14% of Average Final Compensation times Years of Credited Service.

##### Early Retirement:

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

Benefit: Accrued benefit, reduced 3% per year

##### Vesting:

Schedule: 100% after 10 years of Credited Service.

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

##### Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

Benefit Service Incurred: Greater of:

Benefit Non-service Incurred: Accrued Benefit.

##### Pre-Retirement Death Benefits:

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

##### Cost-Of-Living Adjustments:

Members who retire or terminate employment after April 21, 2009 receive 0.76% increases each year from Age 55 to Age 65.

##### Annual Supplemental Pmt:

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

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

**Plan Description *(Continued)***

*Benefits Provided (Continued)*

Police Officers' Pension Plan (PPP):

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

Normal Retirement:

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

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

Early Retirement:

Eligibility: Age 50 and 10 Years of Credited Service.

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

Vesting:

Schedule: 100% after 10 years of Credited Service.

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

Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability:

Eligibility: Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 10 years of Credited Service.

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

Pre-Retirement Death Benefits:

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

Non-Vested: Refund of accumulated contributions without interest.

*Contributions.* Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. The Council has the authority to establish and amend contribution amounts. The City contributed \$554,653 to the GEPP, \$280,862 to the PPP, and \$163,946 to the FPP. For the year ended September 30, 2015 the active member average contribution rate and the City's average contribution rate was as follows:

	General Employees	Firefighters	Police Officers
Active member average contribution rate	2.70%	5.00%	8.00%
City's average contribution rate	20.90%	15.30%	22.40%

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

#### Investments

*Investment Policy.* The following was the Board's adopted asset allocation policy as of September 30, 2015:

	<u>Target Allocation</u>		
	GEPP	PPP	FPP
Domestic Equity	40%	45%	45%
International Equity	10%	15%	15%
Domestic Fixed Income	30%	35%	35%
Global Fixed Income	5%	5%	5%
GTAA	10%	--	--
REITS	5%	--	--
	100%	100%	100%

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

*Rate of Return.* For the year ended September 30, 2015 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

GEPP	PPP	FPP
-2.00%	-0.74%	-1.73%

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

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

The components of the net pension liability (asset) of the Plans as of September 30, 2015 were as follows:

	GEPP	PPP	FPP
Total Pension Liability	\$ 13,366,480	\$ 9,294,936	\$ 4,329,149
Plan Fiduciary Net Position	13,577,096	8,421,235	3,378,632
City's Net Pension Liability (Asset)	\$ (210,616)	\$ 873,701	\$ 950,517
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.58%	90.60%	78.04%

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

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

*Actuarial Assumptions.* The total pension liability was determined by actuarial valuations as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

	GEPP	PPP	FPP
Inflation	3.00%	3.00%	3.00%
Salary Increases	3.50% - 5.00%	6.00%	5.50%
Discount Rate	7.25%	7.75%	7.75%
Investment Rate of Return	7.25%	7.75%	7.75%

Mortality rates were factored using the following:

GEPP - RP 2000 Combined Healthy (sex distinct) with 80% White Collar and 20% Blue Collar mix and incorporating generational mortality improvements using Scale BB. The significant assumptions are based upon the most recent actuarial experience study dated July 22, 2015 for the period 2007-2014.

PPP - RP 2000 Combined Healthy (sex distinct). Disabled lives set forward 5 years. Based upon other studies of municipal police officers, we feel this assumption sufficiently accommodates future mortality improvements. The significant assumptions are based upon the most recent actuarial experience study dated May 1, 2008 for the period 1988-2007.

FPP - RP 2000 Combined Healthy (sex distinct). Disabled lives set forward 5 years. Based upon other studies of municipal firefighters, we feel this assumption sufficiently accommodates future mortality improvements. The significant assumptions are based upon the most recent actuarial experience study dated October 6, 2010 for the period 1990-2009.

*Long Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

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

Best estimates of arithmetic real rates of return for each major asset class included in each Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

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

#### *Discount Rate Sensitivity Analysis*

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liability (asset) to changes in the discount rate.

		GEPP		
		1% Decrease	Discount Rate	1% Increase
		6.25%	7.25%	8.25%
Net Pension				
Liability (Asset)	\$	1,505,582	\$ (210,616)	\$ (1,649,352)
		PPP		
		1% Decrease	Discount Rate	1% Increase
		6.75%	7.75%	8.75%
Net Pension				
Liability (Asset)	\$	2,091,418	\$ 873,701	\$ (145,030)
		FPP		
		1% Decrease	Discount Rate	1% Increase
		6.75%	7.75%	8.75%
Net Pension				
Liability (Asset)	\$	1,601,087	\$ 950,517	\$ 411,537

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

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

The following table presents the change in net pension liability (asset) of the City's Plans as of the measurement date of September 30, 2015.

	GEPP	PPP	FPP
<b>Total Pension Liability</b>			
Service Cost	\$ 269,179	\$ 365,388	\$ 160,502
Interest	949,742	715,821	309,885
Change in Excess State Monies	-	2,819	9,553
Change in Benefit Terms	-	21,042	(29,384)
Difference Between Actual and Expected Experience	(163,109)	(420,290)	75,658
Change of Assumptions	200,531	-	-
Benefit Payments	(567,825)	(479,625)	(153,677)
<b>Net Change in Total Pension Liability</b>	688,518	205,155	372,537
<b>Total Pension Liability - Beginning</b>	12,677,962	9,089,781	3,956,612
<b>Total Pension Liability - Ending (a)</b>	13,366,480	9,294,936	4,329,149
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	554,653	280,862	163,946
Contributions - State	-	90,084	95,531
Contributions - Member	74,112	154,189	49,392
Net Investment Income	(274,556)	(63,986)	(57,458)
Benefit Payments, including Refunds of Contributions	(567,825)	(479,625)	(153,677)
Administrative Expense	(56,985)	(41,565)	(36,745)
<b>Net Change in Plan Fiduciary Net Position</b>	(270,601)	(60,041)	60,989
<b>Plan Fiduciary Net Position - Beginning</b>	13,847,697	8,481,276	3,317,643
<b>Plan Fiduciary Net Position - Ending (b)</b>	13,577,096	8,421,235	3,378,632
<b>Net Pension Liability (Asset) (a) - (b)</b>	\$ (210,616)	\$ 873,701	\$ 950,517

For the year ended September 30, 2015, the City recognized pension expense of \$438,199 related to the GEPP, \$409,232 related to the PPP, and \$265,254 related to the FPP.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>GEPP</u>	
	<u>Deferred Outflows (Deferred Inflows)</u>	
Difference between expected and actual experience	\$ -	\$ (108,740)
Difference for change in Assumptions	133,688	-
Net difference between projected and actual earnings on plan investments	1,050,625	-
	 <u>PPP</u>	
	<u>Deferred Outflows (Deferred Inflows)</u>	
Difference between expected and actual experience	-	(350,241)
Net difference between projected and actual earnings on plan investments	577,151	-
	 <u>FPP</u>	
	<u>Deferred Outflows (Deferred Inflows)</u>	
Difference between expected and actual experience	50,439	-
Net difference between projected and actual earnings on plan investments	255,332	-
Total All Plans	<u>\$ 2,067,235</u>	<u>\$ (458,981)</u>

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

Year Ending September 30	GEPP	PPP	FPP	Net Amount
2016	\$ 275,131	\$ 74,240	\$ 89,052	\$ 438,423
2017	275,130	74,240	89,053	438,423
2018	262,656	74,240	63,833	400,729
2019	262,656	74,239	63,833	400,728
2020	-	(70,049)	-	(70,049)
	<u>\$ 1,075,573</u>	<u>\$ 226,910</u>	<u>\$ 305,771</u>	<u>\$ 1,608,254</u>

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2015

### NOTE 9 - DEFINED CONTRIBUTION PLAN

The City contributes to the 401(a) Money Purchase Defined Contribution Plan (DC Plan) for participating eligible employees which include the City Manager, Department Directors, Fire Chief, Police Chief, and City Clerk hired after October 1, 1999. The DC Plan is administered by ICMA Retirement Corporation. Benefit terms, including contribution requirements, for the DC Plan are established and may be amended by the Council. For each participating employee in the DC Plan, the City must contribute 12% of annual compensation, and 15% for the City Manager. The DC Plan does not require contributions from members. For the year ended September 30, 2015, the City recognized pension expense of \$64,994. Employer contributions and earnings on those contributions are immediately 100% vested; therefore, there are no forfeitures.

### NOTE 10 - DEFERRED COMPENSATION PLAN

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

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

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

### NOTE 11 - OTHER 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 \$488,930 at October 1, 2014. For financial reporting purposes, no liability was reported for the postemployment healthcare benefit liability at the date of transition.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

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

The Other Postemployment Benefit Plan (“OPEB Plan”) is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees 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”.

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 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:

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

#### **Annual OPEB Cost and Net OPEB Obligation *(Continued)***

	FY15 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	11,259
Adjustment to ARC	(14,699)
Annual OPEB Cost (Expense)	69,769
Estimated Employer Contributions Made	(26,180)
Increase/(Decrease) in Net OPEB Obligation	43,589
Net OPEB Obligation at Beginning of Year	250,184
Net OPEB Obligation at End of Year	<u>\$ 293,773</u>

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
9/30/2015	\$ 69,768	\$ 26,180	37.52%	\$ 293,772
9/30/2014	70,376	26,180	37.20%	250,184
9/30/2013	70,993	26,180	36.88%	205,988

#### **Funded Status and Funding Progress**

As of October 1, 2014, the OPEB Plan was unfunded and the AAL for benefits is \$488,930. Assets of the OPEB Plan are valued at market; however, the current value is \$0, resulting in an unfunded AAL (UAAL) of \$488,930 (0% funded ratio). The covered payroll is \$5,576,523 and the ratio of the UAAL to covered payroll is 8.8%. 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.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2015

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

#### **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, 2015 was 24 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.

### NOTE 12 - COMMITMENTS

#### **Contractual Services**

The City has a Water Purchase and Sewer Treatment Agreement with the City of St. Petersburg to acquire water and have its sewage treated at prevailing wholesale rates. During the current year, the City paid the City of St. Petersburg \$3,012,354 for these services.

#### **Encumbrances**

The General Fund had no outstanding encumbrances at September 30, 2015. The Marina Fund and the Water and Sewer Fund had outstanding encumbrances of \$7,631 and \$5,727 respectively reported as part of the unrestricted net position.

#### **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.

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

#### **Litigation**

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

### NOTE 13 - FUND DEFICIT

The 49th Street Redevelopment District has an ending fund deficit of \$38,998 at September 30, 2015. The deficit will be remedied by future transfers from the General Fund.

### NOTE 14 - COMMUNITY REDEVELOPMENT AGENCY ("CRA")

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

**CITY OF GULFPORT, FLORIDA**  
GOVERNMENTAL BALANCE SHEET  
COMMUNITY REDEVELOPMENT AGENCY  
September 30, 2015

	<b>49th Street Redevelopment District</b>	<b>Waterfront Redevelopment District</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 10,549	\$ 474,999
Accounts Receivable (Net)	-	5,205
Prepays	-	838
<b>Total Assets</b>	<b>\$ 10,549</b>	<b>\$ 481,042</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 51	\$ 1,032
Accrued Liabilities	1,533	44
Due to Other Funds	47,963	-
<b>Total Liabilities</b>	<b>49,547</b>	<b>1,076</b>
<b>FUND BALANCES</b>		
Nonspendable Prepaid Items	-	838
Restricted for Waterfront Redevelopment	-	305,251
Assigned for Waterfront Redevelopment	-	173,877
Unassigned (Deficit)	(38,998)	-
<b>Total Fund Balances</b>	<b>(38,998)</b>	<b>479,966</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,549</b>	<b>\$ 481,042</b>

# CITY OF GULFPORT, FLORIDA

## NOTES TO FINANCIAL STATEMENTS *(Continued)*

**Year Ended September 30, 2015**

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

**CITY OF GULFPORT, FLORIDA**  
 GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 COMMUNITY REDEVELOPMENT AGENCY  
 For the Year Ended September 30, 2015

	<b>49th Street Redevelopment District</b>	<b>Waterfront Redevelopment District</b>
<b>REVENUES</b>		
Taxes	\$ -	\$ 195,287
Miscellaneous Revenues	-	1,311
<b>Total Revenues</b>	-	196,598
<b>EXPENDITURES</b>		
Current:		
Community Development/Redevelopment	66,117	48,766
<b>Total Expenditures</b>	66,117	48,766
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(66,117)	147,832
<b>OTHER FINANCING SOURCES AND (USES)</b>		
Transfers In	68,035	125,000
<b>Total Other Financing Sources and (Uses)</b>	68,035	125,000
<b>Net Change in Fund Balances</b>	1,918	272,832
<b>Fund Balances (Deficit) - Beginning</b>	(40,916)	207,134
<b>Fund Balances (Deficit) - Ending</b>	\$ (38,998)	\$ 479,966

### NOTE 15 - RESTATEMENT OF NET POSITION

The City participates in three single-employer defined benefit pension plans. As a participating employer, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of this Statement are being implemented prospectively that includes a restatement of the beginning net position for all full accrual financial statements. The elements of this restatement are as follows:

	Governmental Activities	Business-type Activities	City Total
Beginning Net Position, Unadjusted	15,883,555	\$ 12,493,930	\$ 28,377,485
Cumulative effect of Change in Accounting Principle for GASB 68	(531,765)	439,877	(91,888)
Beginning Net Position, as Restated	\$ 15,351,790	\$ 12,933,807	\$ 28,285,597

**CITY OF GULFPORT, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Year Ended September 30, 2015**

**NOTE 15 - RESTATEMENT OF NET POSITION (Continued)**

	Sanitation	Water and Sewer	Marina	Total Business-type Activities
Beginning Net Position, Unadjusted	\$ 822,994	\$ 9,478,413	\$ 2,192,523	\$ 12,493,930
Cumulative effect of Change in Accounting Principle for GASB 68	239,525	149,218	51,134	439,877
Beginning Net Position, as Restated	\$ 1,062,519	\$ 9,627,631	\$ 2,243,657	\$ 12,933,807

## **Required Supplementary Information**

This financial statement section provides the following schedules:

Budgetary comparison schedule for *Major Fund*

- General Fund

Schedules for Employee Retirement Plans

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

Schedules for Employee Other Postemployment Benefits Plan

- Schedule of Funding Progress
- Schedule of Employer Contributions

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**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 5,471,439	\$ 5,471,441	\$ 5,245,024	\$ (226,417)
Permits and Fees	388,300	388,300	329,808	(58,492)
Intergovernmental Revenues	1,682,908	1,820,908	1,966,238	145,330
Charges for Services	2,335,284	2,335,284	2,118,542	(216,742)
Fines and Forfeitures	375,000	375,000	410,078	35,078
Investment Income	32,500	32,500	33,341	841
Miscellaneous Revenues	437,032	1,650,348	1,564,137	(86,211)
<b>Total Revenues</b>	<u>10,722,463</u>	<u>12,073,781</u>	<u>11,667,168</u>	<u>(406,613)</u>
<b>EXPENDITURES</b>				
General Government				
Legislative	319,053	321,888	299,594	(22,294)
Legal	90,125	90,125	87,677	(2,448)
Executive	238,594	259,094	259,043	(51)
Financial	391,097	388,263	390,287	2,024
Human Resources	122,008	182,266	185,343	3,077
Information Technology	198,000	198,000	199,417	1,417
<b>Total</b>	<u>1,358,877</u>	<u>1,439,636</u>	<u>1,421,361</u>	<u>(18,275)</u>
Public Safety				
Fire	1,398,736	1,508,484	1,482,820	(25,664)
Police	3,405,749	3,528,993	3,503,785	(25,208)
<b>Total</b>	<u>4,804,485</u>	<u>5,037,477</u>	<u>4,986,605</u>	<u>(50,872)</u>
Recreation				
Library	562,038	890,849	883,241	(7,608)
Office of Director	61,495	70,375	76,412	6,037
Elderly Mobility Service	94,124	101,611	97,576	(4,035)
Recreation Center	540,141	542,070	520,608	(21,462)
Casino	357,089	363,812	368,183	4,371
Theater	147,443	137,723	139,146	1,423
Parks	646,190	639,167	543,874	(95,293)
Senior Center	220,704	234,072	230,379	(3,693)
<b>Total</b>	<u>2,629,224</u>	<u>2,979,679</u>	<u>2,859,419</u>	<u>(120,260)</u>
Community Development				
Planning & Development	318,097	375,645	295,613	(80,032)
Building Inspections	363,720	382,561	363,455	(19,106)
<b>Total</b>	<u>681,817</u>	<u>758,206</u>	<u>659,068</u>	<u>(99,138)</u>

*Continued*

**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - Continued**  
**GENERAL FUND**  
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
Public Works				
Building Maintenance	\$ 239,133	\$ 266,202	\$ 258,487	\$ (7,715)
Central Garage	578,426	439,200	356,188	(83,012)
Office of Director	135,890	126,890	120,082	(6,808)
Streets	429,611	440,483	450,458	9,975
Total	<u>1,383,060</u>	<u>1,272,775</u>	<u>1,185,215</u>	<u>(87,560)</u>
<b>Total Expenditures</b>	<u>10,857,463</u>	<u>11,487,773</u>	<u>11,111,668</u>	<u>(376,105)</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(135,000)</u>	<u>586,008</u>	<u>555,500</u>	<u>(30,508)</u>
<b>OTHER FINANCING SOURCES</b>				
<b>AND (USES)</b>				
Transfers In	135,000	541,422	541,422	-
Transfers (Out)	-	-	(68,035)	(68,035)
<b>Total Other Financing</b>				
<b>Sources and (Uses)</b>	<u>135,000</u>	<u>541,422</u>	<u>473,387</u>	<u>(68,035)</u>
<b>Net Change in Fund Balance</b>	-	1,127,430	1,028,887	(98,543)
<b>Fund Balance - Beginning</b>	<u>3,437,804</u>	<u>3,437,804</u>	<u>3,437,804</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 3,437,804</u>	<u>\$ 4,565,234</u>	<u>\$ 4,466,691</u>	<u>\$ (98,543)</u>

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

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

Notes to Schedule:

*Plan information is only available for 2014 and 2015. Subsequent years will be added as available.*

*Changes in Benefit Terms*

For the year ended September 30, 2014, the benefit accrual rate has been increased from 2.86% to 2.87% for each year of credited service.

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

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

Notes to Schedule:

*Plan information is only available for 2014 and 2015. Subsequent years will be added as available.*

*Changes of Assumptions*

For the year ended September 30, 2014, the investment rate of return has been lowered from 8.00% to 7.75% per year, net of investment related expenses.

*Changes in Benefit Terms*

For the year ended September 30, 2014, the benefit accrual rate has been increased from 3.14% to 3.16% of Ave Final Compensation for each year of credited service. The COLA rate has been increased from .76% to .84%. For the year ended September 30, 2015, the benefit accrual rate has been decreased from 3.16% to 3.14% of Ave Final Compensation for each year of credited service. The COLA rate has been decreased from .84% to .76%

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

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

Notes to Schedule:

*Plan information is only available for 2014 and 2015. Subsequent years will be added as available.*

*Changes of Assumptions*

For the year ended September 30, 2015, the amounts reported as changes in assumptions resulted from lowering the investment rate of return from 7.50% to 7.25% and reducing the salary increase assumption.

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

	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 368,127	\$ 496,122
Contributions in Relation to the		
Actuarially Determined Contributions	368,127	496,122
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 1,927,761	\$ 1,837,490
Contributions as a Percentage of		
Covered Employee Payroll	19.10%	27.00%

Notes to Schedule:

Plan information is only available for 2014 and 2015. Subsequent years will be added as available.

Valuation Date: 10/1/2013 (AIS 01/19/2015)

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

Methods and assumptions used to determine contribution rates:

Funding Method: Frozen Entry Age Actuarial Cost Method.  
Amortization Method: Level Percentage of Pay, Closed.  
Remaining Amortization Period: 30 Years (as of 10/01/2013).  
Mortality Rate: RP 2000 Combined Healthy - Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

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

Inflation: 3.0% per year  
Salary Increases: 6.0% per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation.

Interest Rate: 7.75% per year compounded annually, net of investment related expenses.

Payroll Increases: 2.7% per year.

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

Retirement Age: Earlier of Age 55 and 10 years of service or Age 52 and 25 years of services. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Termination Rates: See table below.

Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.

Other Information: Termination and Disability Rate Table

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.30%	0.03%
30	7.90%	0.04%
40	4.30%	0.07%
50	1.10%	0.18%

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

	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 249,924	\$ 230,628
Contributions in Relation to the		
Actuarially Determined Contributions	249,924	230,628
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 988,134	\$ 941,341
Contributions as a Percentage of		
Covered Employee Payroll	25.29%	24.50%

Notes to Schedule

Plan information is only available for 2014 and 2015. Subsequent years will be added as available.

Valuation Date: 10/1/2013 (AIS 01/19/2015)

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Frozen Entry Age Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	30 Years (as of 10/01/2013).
Mortality:	RP 2000 Combined Healthy - Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	5.5% per year until the assumed retirement age.
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.
Cost-of-Living (COLA):	0.84% automatic increases from age 55 to 65 for all retirees and beneficiaries.
Payroll Growth:	3.0% per year.

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

Retirement Age: The earlier of attainment of age 55 with 10 years of credited service, or age 52 with 25 years of credited service, or the completion of 30 years of Credited Service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement: Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Termination Rates: See table below.

Disability Rates: See table below. It is assumed that 75% of disablements and active Member deaths are service related.

Other Information: Termination and Disability Rate Table

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.00%	0.03%
30	10.00%	0.04%
40	5.20%	0.07%
50	1.60%	0.18%

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

	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 554,467	\$ 571,435
Contributions in Relation to the		
Actuarially Determined Contributions	554,653	571,435
Contribution Deficiency (Excess)	\$ (186)	\$ -
Covered Employee Payroll	\$ 2,705,700	\$ 2,734,138
Contributions as a Percentage of		
Covered Employee Payroll	20.50%	20.90%

Notes to Schedule

Plan information is only available for 2014 and 2015. Subsequent years will be added as available.

Valuation Date: 10/1/2013

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Method
Amortization Method:	Level Percentage of Pay, Closed.
Remaining Amortization Period:	28 Years (as of 10/01/2013).
Mortality Rates:	RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives set forward 5 years.
Actuarial Asset Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.0% per year.
Salary Increases:	6.0% per year until the assumed retirement age. Projected salary in the year of retirement is increased individually according to accrued leave at transition date.
Interest Rate:	7.5% per year compounded annually, net of investment related expenses.
Payroll Increase (For UAL Amortization)	None (previously up to 3.0%).

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

Retirement Age: Age 62 with 5 Years of Service.  
 Early Retirement: None  
 Termination Rates: See table below.  
 Disability Rates: See table below.

Other Information: Termination and Disability Rate Table

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.90%	0.00%
30	9.30%	0.00%
40	7.80%	0.00%
50	4.90%	0.00%

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

Annual Money-Weighted Rate of Return  
 Net of Investment Expense

Year Ended			
September 30	General Employees	Firefighters	Police Officers
2015	-2.00%	-1.73%	-0.74%
2014	10.61%	11.05%	10.23%

Note to Schedule:

Plan information is only available for 2014 and 2015. Subsequent years will be added as available.

**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)
10/1/12 (3)	\$ -	\$ 488,930	488,930	0.0%	\$ 5,576,523	8.77%
10/1/12 (2)	-	521,478	521,478	0.0%	5,414,100	9.63%
10/1/12	-	554,026	554,026	0.0%	5,256,408	10.54%
10/1/10 (1)	-	491,176	491,176	0.0%	6,154,798	7.98%
10/1/10	-	514,511	514,511	0.0%	5,975,532	8.61%

- (1) Actuarial valuation not performed for fiscal year 2012; however roll-forward calculation performed using the OPEB Plan assumptions to determine adjusted Actuarial Accrued Liability.
- (2) Actuarial valuation not performed for fiscal year 2014; however roll-forward calculation performed using the OPEB Plan assumptions to determine adjusted Actuarial Accrued Liability.
- (3) Actuarial valuation not performed for fiscal year 2015; 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
9/30/2015	\$ 73,209	\$ 26,180	35.76%
9/30/2014	73,209	26,180	35.76%
9/30/2013	73,209	26,180	35.76%

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

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

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**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL PROJECTS FUND**  
For the Year Ended September 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 1,143,113	\$ 1,258,211	\$ 115,098
Permits and Fees	-	4,463	4,463
Intergovernmental Revenues	2,641,000	245,000	(2,396,000)
Miscellaneous Revenues	-	226	226
<b>Total Revenues</b>	<u>3,784,113</u>	<u>1,507,900</u>	<u>(2,276,213)</u>
<b>EXPENDITURES</b>			
Public Safety			
Capital Outlay	193,000	184,698	(8,302)
Public Works			
Capital Outlay	3,329,186	785,378	(2,543,808)
Recreation			
Capital Outlay	483,969	218,970	(264,999)
<b>Total Expenditures</b>	<u>4,006,155</u>	<u>1,189,046</u>	<u>(2,817,109)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(222,042)</u>	<u>318,854</u>	<u>540,896</u>
<b>OTHER FINANCING (USES)</b>			
Transfers (Out)	(226,000)	(226,000)	-
<b>Total Other Financing (Uses)</b>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(448,042)	92,854	540,896
<b>Fund Balance - Beginning</b>	<u>448,042</u>	<u>377,409</u>	<u>(70,633)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 470,263</u>	<u>\$ 470,263</u>

**CITY OF GULFPORT, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
September 30, 2015

	<b>49th Street Redevelopment District</b>	<b>Library Fund</b>	<b>Law Enforcement Trust</b>	<b>Waterfront Redevelopment District</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 10,549	\$ -	\$ 39,633	\$ 474,999	\$ 525,181
Accounts Receivable (net)	-	-	15,918	5,205	21,123
Prepaid Items	-	-	-	838	838
<b>Total Assets</b>	<b>\$ 10,549</b>	<b>\$ -</b>	<b>\$ 55,551</b>	<b>\$ 481,042</b>	<b>\$ 547,142</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 51	\$ -	\$ -	\$ 1,032	\$ 1,083
Accrued Liabilities	1,533	-	-	44	1,577
Due to Other Funds	47,963	-	-	-	47,963
<b>Total Liabilities</b>	<b>49,547</b>	<b>-</b>	<b>-</b>	<b>1,076</b>	<b>50,623</b>
<b>FUND BALANCES</b>					
Nonspendable Prepaid Items	-	-	-	838	838
Restricted for Law Enforcement	-	-	55,551	-	55,551
Restricted for Waterfront Redevelopment	-	-	-	305,251	305,251
Assigned for Waterfront Redevelopment	-	-	-	173,877	173,877
Unassigned (Deficit)	(38,998)	-	-	-	(38,998)
<b>Total Fund Balances (Deficit)</b>	<b>(38,998)</b>	<b>-</b>	<b>55,551</b>	<b>479,966</b>	<b>496,519</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,549</b>	<b>\$ -</b>	<b>\$ 55,551</b>	<b>\$ 481,042</b>	<b>\$ 547,142</b>

**CITY OF GULFPORT, FLORIDA**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended September 30, 2015

	<b>49th Street Redevelopment District</b>	<b>Library Fund</b>	<b>Law Enforcement Trust</b>	<b>Waterfront Redevelopment District</b>	<b>Nonmajor Special Revenue Funds</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 195,287	\$ 195,287
Fines and Forfeitures	-	-	16,318	-	16,318
Miscellaneous Revenues	-	-	-	1,311	1,311
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>16,318</u>	<u>196,598</u>	<u>212,916</u>
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	39,546	-	39,546
Recreation	-	53	-	-	53
Community Development/ Redevelopment	66,117	-	-	48,766	114,883
<b>Total Expenditures</b>	<u>66,117</u>	<u>53</u>	<u>39,546</u>	<u>48,766</u>	<u>154,482</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(66,117)</u>	<u>(53)</u>	<u>(23,228)</u>	<u>147,832</u>	<u>58,434</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers In	68,035	-	-	125,000	193,035
Transfers (Out)	-	(62,533)	-	-	(62,533)
<b>Total Other Financing Sources And (Uses)</b>	<u>68,035</u>	<u>(62,533)</u>	<u>-</u>	<u>125,000</u>	<u>130,502</u>
<b>Net Change in Fund Balances</b>	1,918	(62,586)	(23,228)	272,832	188,936
<b>Fund Balances (Deficit) - Beginning</b>	<u>(40,916)</u>	<u>62,586</u>	<u>78,779</u>	<u>207,134</u>	<u>307,583</u>
<b>Fund Balances (Deficit) - Ending</b>	<u>\$ (38,998)</u>	<u>\$ -</u>	<u>\$ 55,551</u>	<u>\$ 479,966</u>	<u>\$ 496,519</u>

**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**49TH STREET REDEVELOPMENT DISTRICT**  
For the Year Ended September 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Budget - Over (Under)</b>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Community Development/Redevelopment			
Personal Services	66,840	65,360	(1,480)
Operating	1,195	757	(438)
<b>Total Expenditures</b>	<u>68,035</u>	<u>66,117</u>	<u>(1,918)</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(68,035)</u>	<u>(66,117)</u>	<u>1,918</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	68,035	68,035	-
<b>Total Other Financing Sources</b>	<u>68,035</u>	<u>68,035</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	1,918	1,918
<b>Fund Balance (Deficit) - Beginning</b>	-	(40,916)	(40,916)
<b>Fund Balance (Deficit) - Ending</b>	<u>\$ -</u>	<u>\$ (38,998)</u>	<u>\$ (38,998)</u>

**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**LAW ENFORCEMENT TRUST**  
For the Year Ended September 30, 2015

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Budget - Over (Under)</b>
<b>REVENUES</b>			
Fines and Forfeitures	\$ -	\$ 16,318	\$ 16,318
<b>Total Revenues</b>	-	16,318	16,318
<b>EXPENDITURES</b>			
Public Safety			
Operating	21,470	21,016	(454)
Capital Outlay	18,530	18,530	-
<b>Total Expenditures</b>	40,000	39,546	(454)
<b>(Deficiency) of Revenues</b>			
<b>(Under) Expenditures</b>	(40,000)	(23,228)	16,772
<b>OTHER FINANCING (USES)</b>			
Transfers (Out)	-	-	-
<b>Total Other Financing (Uses)</b>	-	-	-
<b>Net Change in Fund Balance</b>	(40,000)	(23,228)	16,772
<b>Fund Balance - Beginning</b>	78,779	78,779	-
<b>Fund Balance - Ending</b>	\$ 38,779	\$ 55,551	\$ 16,772

**CITY OF GULFPORT, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**WATERFRONT REDEVELOPMENT DISTRICT**  
For the Year Ended September 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Budget - Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 196,769	\$ 195,287	\$ (1,482)
Intergovernmental Revenues	230,000	-	(230,000)
Miscellaneous Revenues	<u>20,000</u>	<u>1,311</u>	<u>(18,689)</u>
<b>Total Revenues</b>	<u>446,769</u>	<u>196,598</u>	<u>(250,171)</u>
<b>EXPENDITURES</b>			
Community Development/Redevelopment			
Operating	95,000	46,191	(48,809)
Capital Outlay	<u>502,500</u>	<u>2,575</u>	<u>(499,925)</u>
<b>Total Expenditures</b>	<u>597,500</u>	<u>48,766</u>	<u>(548,734)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(150,731)</u>	<u>147,832</u>	<u>298,563</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>125,000</u>	<u>125,000</u>	<u>-</u>
<b>Total Other Financing Sources</b>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(25,731)	272,832	298,563
<b>Fund Balance - Beginning</b>	<u>207,134</u>	<u>207,134</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 181,403</u>	<u>\$ 479,966</u>	<u>\$ 298,563</u>

**CITY OF GULFPORT, FLORIDA**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF**  
**FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**  
For The Year Ended September 30, 2015

<u>Source</u>	<u>Amount Received in the 2014-15 Fiscal Year</u>	<u>Amount Expended in the 2014-15 Fiscal Year</u>
<b>British Petroleum:</b>		
Claim No. 5000262	\$ 1,231,233	\$ -

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## **Statistical Section**

**City of Gulfport, Florida**  
**Statistical Section**  
**September 30, 2015**

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, 2015, the City had no long-term general bonded debt outstanding, and there has been none for the prior ten years. The City Charter has established that any general obligation borrowing must be exercised in accordance with Chapter 166, Florida Statutes.

Schedule 1  
City of Gulfport, Florida

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

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>Governmental activities</u></b>										
Net investment										
in capital assets	\$ 11,484	\$ 11,421	\$ 13,553	\$ 13,268	\$ 13,040	\$ 12,736	\$ 13,111	\$ 12,797	\$ 12,450	\$ 12,812
Restricted	812	658	410	631	316	775	606	752	690	847
Unrestricted	4,622	4,245	4,488	4,658	4,047	3,728	3,820	3,658	2,744	3,407
Total governmental activities net position	<u>\$ 16,918</u>	<u>\$ 16,324</u>	<u>\$ 18,451</u>	<u>\$ 18,557</u>	<u>\$ 17,403</u>	<u>\$ 17,239</u>	<u>\$ 17,537</u>	<u>\$ 17,207</u>	<u>\$ 15,884</u>	<u>\$ 17,066</u>
<b><u>Business-type activities</u></b>										
Net investment										
in capital assets	\$ 11,780	\$ 12,731	\$ 12,150	\$ 12,881	\$ 13,588	\$ 13,186	\$ 12,292	\$ 11,795	\$ 11,356	\$ 10,952
Restricted	157	157	157	162	164	168	169	169	516	409
Unrestricted (Deficit)	2,830	3,235	2,696	1,529	881	131	226	(32)	622	1,630
Total business-type activities net position	<u>\$ 14,767</u>	<u>\$ 16,123</u>	<u>\$ 15,003</u>	<u>\$ 14,572</u>	<u>\$ 14,633</u>	<u>\$ 13,485</u>	<u>\$ 12,687</u>	<u>\$ 11,932</u>	<u>\$ 12,494</u>	<u>\$ 12,991</u>
<b><u>Primary government</u></b>										
Net investment										
in capital assets	\$ 23,264	\$ 24,152	\$ 25,703	\$ 26,149	\$ 26,628	\$ 25,922	\$ 25,403	\$ 24,592	\$ 23,806	\$ 23,764
Restricted	969	815	567	793	480	943	775	921	1,206	1,256
Unrestricted	7,452	7,480	7,184	6,187	4,928	3,859	4,046	3,626	3,366	5,037
Total primary government, net position	<u>\$ 31,685</u>	<u>\$ 32,447</u>	<u>\$ 33,454</u>	<u>\$ 33,129</u>	<u>\$ 32,036</u>	<u>\$ 30,724</u>	<u>\$ 30,224</u>	<u>\$ 29,139</u>	<u>\$ 28,378</u>	<u>\$ 30,057</u>

Note: GASB Statement No. 68, Accounting and Financial Reporting for Pensions was implemented for fiscal year ended September 30, 2015. Prior periods reported on this Schedule were not restated for the effects of implementing this standard.

**Schedule 2 - Continued**  
**City of Gulfport, Florida**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 1,617	\$ 1,728	\$ 1,408	\$ 1,465	\$ 1,533	\$ 1,510	\$ 1,303	\$ 1,421	\$ 1,451	\$ 1,540
Public Safety	4,709	4,992	4,787	4,452	4,549	4,854	4,877	5,042	4,984	5,315
Recreation	2,420	2,308	2,896	3,077	3,297	2,756	2,487	2,726	2,808	2,865
Community Development - Redevelopment	822	779	832	1,002	923	850	787	852	886	701
Public Works	1,360	1,423	1,509	1,439	1,208	1,535	1,552	1,501	1,659	1,630
Total governmental activities expenses	\$ 10,928	\$ 11,230	\$ 11,432	\$ 11,435	\$ 11,510	\$ 11,505	\$ 11,006	\$ 11,542	\$ 11,788	\$ 12,051
Business-type activities:										
Sanitation	\$ 1,697	\$ 1,711	\$ 1,715	\$ 1,823	\$ 1,741	\$ 1,629	\$ 1,733	\$ 1,837	\$ 1,984	\$ 1,971
Water and Sewer	3,366	3,663	3,718	3,987	4,359	4,184	4,324	4,528	4,684	5,242
Cultural Activities	505	563	-	-	-	-	-	-	-	-
Marina	1,123	1,207	1,388	1,212	1,262	1,500	1,460	1,447	1,610	1,580
Total business-type activities expenses	6,691	7,144	6,821	7,022	7,362	7,313	7,517	7,812	8,278	8,793
Total primary government expenses	\$ 17,619	\$ 18,374	\$ 18,253	\$ 18,457	\$ 18,872	\$ 18,818	\$ 18,523	\$ 19,354	\$ 20,066	\$ 20,844
<b>Program revenues</b>										
Governmental activities:										
Charges for services -										
General Government	\$ 780	\$ 839	\$ 870	\$ 832	\$ 793	\$ 775	\$ 802	\$ 850	\$ 980	\$ 1,421
Public Safety	332	223	340	279	289	879	980	1,078	1,026	1,200
Recreation	206	195	510	584	570	513	546	635	702	694
Public Works	208	496	237	384	305	363	240	333	329	149
Operating Grants and Contributions	823	1,002	822	1,005	682	316	219	191	255	293
Capital Grants and Contributions	72	16	499	108	140	169	108	90	4	387
Total governmental activities program revenues	\$ 2,421	\$ 2,771	\$ 3,278	\$ 3,192	\$ 2,779	\$ 3,015	\$ 2,895	\$ 3,177	\$ 3,296	\$ 4,144
Business-type activities:										
Charges for Services										
Sanitation	\$ 1,816	\$ 1,811	\$ 1,736	\$ 1,723	\$ 1,772	\$ 1,801	\$ 2,017	\$ 2,030	\$ 2,035	\$ 2,218
Water and Sewer	3,847	3,932	3,605	3,725	3,830	3,829	4,313	4,253	4,720	5,215
Cultural Activities	370	385	-	-	-	-	-	-	-	-
Marina	1,351	1,419	1,742	1,462	1,564	1,650	1,556	1,541	1,760	1,672
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	412	211	2	4	1	-	6	122
Total business-type activities program revenues	\$7,384	\$7,547	\$7,495	\$7,121	\$7,168	\$7,284	\$7,887	\$7,824	\$8,521	\$9,227
Total primary government program revenues	\$9,805	\$10,318	\$10,773	\$10,313	\$9,947	\$10,299	\$10,782	\$11,001	\$11,817	\$13,371
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (8,508)	\$ (8,458)	\$ (8,153)	\$ (8,243)	\$ (8,731)	\$ (8,489)	\$ (8,111)	\$ (8,364)	\$ (8,492)	\$ (7,907)
Business-type activities	693	402	673	99	(194)	(29)	371	11	243	434
Total primary government net (expense)	\$ (7,815)	\$ (8,056)	\$ (7,480)	\$ (8,144)	\$ (8,925)	\$ (8,518)	\$ (7,740)	\$ (8,353)	\$ (8,249)	\$ (7,473)

Continued next page

**Schedule 2**  
**City of Gulfport, Florida**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Ad Valorem	\$ 3,273	\$ 3,557	\$ 3,450	\$ 3,171	\$ 2,828	\$ 2,528	\$ 2,648	\$ 2,633	\$ 2,661	\$ 2,848
Franchise Fees	731	705	720	773	858	784	738	703	740	767
Utility Taxes	971	959	961	991	1,131	1,078	1,027	1,050	1,141	1,151
Communication Service Tax	555	576	553	605	551	526	520	503	454	438
Sales Tax - Infrastructure	1,316	1,202	1,134	1,047	952	917	970	1,022	1,010	1,258
Half-cent Sales Tax	754	723	684	619	611	624	631	658	692	730
Local Option Gas Tax	126	113	166	166	165	163	163	165	155	187
Transportation Impact Fees	22	16	-	-	-	-	-	-	-	-
Other Taxes	123	34	17	66	69	65	62	69	78	70
State Revenue Sharing	456	413	355	249	349	351	353	360	372	391
Investment Income	287	367	186	35	25	16	20	5	36	33
Miscellaneous	190	262	194	96	138	152	105	98	148	1,370
Gain/(Loss) on Sale of Capital Assets	-	(255)	-	-	-	-	-	-	-	-
Transfers	(715)	(808)	1,860	531	(100)	1,122	1,172	767	(319)	378
Total governmental activities	\$ 8,089	\$ 7,864	\$ 10,280	\$ 8,349	\$ 7,577	\$ 8,326	\$ 8,409	\$ 8,033	\$ 7,168	\$ 9,621
Business-type activities:										
Investment Income (loss)	\$ 91	\$ 147	\$ 67	\$ -	\$ 6	\$ 2	\$ 4	\$ 1	\$ (1)	\$ 1
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	715	808	(1,860)	(531)	100	(1,122)	(1,172)	(767)	319	(378)
Total business-type activities	806	955	(1,793)	(531)	106	(1,120)	(1,168)	(766)	318	(377)
Total primary government	\$ 8,895	\$ 8,819	\$ 8,487	\$ 7,818	\$ 7,683	\$ 7,206	\$ 7,241	\$ 7,267	\$ 7,486	\$ 9,244
<b>Change in Net Position</b>										
Governmental activities	\$ (419)	\$ (595)	\$ 2,127	\$ 106	\$ (1,155)	\$ (163)	\$ 298	\$ (330)	\$ (1,323)	\$ 1,714
Business-type activities	1,499	1,357	(1,120)	(432)	(88)	(1,149)	(798)	(754)	561	57
Total primary government	\$ 1,080	\$ 762	\$ 1,007	\$ (326)	\$ (1,243)	\$ (1,312)	\$ (500)	\$ (1,084)	\$ (762)	\$ 1,771

Note: GASB Statement No. 68, Accounting and Financial Reporting for Pensions was implemented for fiscal year ended September 30, 2015. Prior periods reported on this Schedule were not restated for the effects of implementing this standard.

**Schedule 3  
City of Gulfport, Florida**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>General Fund</u></b>										
Reserved	\$ 2,337	\$ 2,575	\$ 3,155	\$ 2,902	\$ 2,946					
Unreserved	2,362	1,720	1,279	2,231	1,695					
Nonspendable						\$ 38	\$ 33	\$ 40	\$ 178	\$ 60
Restricted						-	130	35	12	16
Committed						9	53	-	-	-
Assigned						-	-	26	-	60
Unassigned						4,278	4,347	4,216	3,248	4,330
<b>Total General Fund</b>	<b>\$ 4,699</b>	<b>\$ 4,295</b>	<b>\$ 4,434</b>	<b>\$ 5,133</b>	<b>\$ 4,641</b>	<b>\$ 4,325</b>	<b>\$ 4,563</b>	<b>\$ 4,317</b>	<b>\$ 3,438</b>	<b>\$ 4,466</b>
<b><u>All other governmental funds</u></b>										
Reserved	\$ 463	\$ 403	\$ 413	\$ 175	\$ 211					
Unreserved (Deficit)										
Reported in:										
Special Revenue Funds	218	320	456	387	10					
Capital Projects Fund	440	353	89	-	31					
Nonspendable										\$ 1
Restricted						\$ 758	\$ 458	\$ 718	\$ 678	831
Assigned						37	25	47	48	174
Unassigned (Deficit)						(40)	-	-	(41)	(39)
<b>Total All Other Governmental Funds</b>	<b>\$ 1,121</b>	<b>\$ 1,076</b>	<b>\$ 958</b>	<b>\$ 562</b>	<b>\$ 252</b>	<b>\$ 755</b>	<b>\$ 483</b>	<b>\$ 765</b>	<b>\$ 685</b>	<b>\$ 967</b>

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)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 6,845	\$ 7,015	\$ 6,807	\$ 6,030	\$ 5,679	\$ 5,256	\$ 6,065	\$ 6,077	\$ 6,217	\$ 6,699
Permits and fees	306	204	285	911	1,003	908	180	291	255	334
Intergovernmental revenues	2,355	2,300	2,554	1,891	1,834	1,857	1,649	1,697	1,728	2,211
Impact fees	22	-	-	-	-	-	-	-	-	-
Charges for services	1,144	1,469	1,588	1,582	1,561	1,574	1,528	1,720	1,871	2,119
Fines and forfeitures	75	81	86	112	108	275	362	410	343	426
Earnings on investments	287	367	186	35	24	16	20	5	36	33
Miscellaneous revenues	142	262	194	369	309	334	265	263	333	1,566
<b>Total revenues</b>	<b>\$ 11,176</b>	<b>\$ 11,698</b>	<b>\$ 11,700</b>	<b>\$ 10,930</b>	<b>\$ 10,518</b>	<b>\$ 10,220</b>	<b>\$ 10,069</b>	<b>\$ 10,463</b>	<b>\$ 10,783</b>	<b>\$ 13,388</b>
<b>Expenditures</b>										
General government	\$ 1,497	\$ 1,618	\$ 1,370	\$ 1,305	\$ 1,356	\$ 1,331	\$ 1,255	\$ 1,353	\$ 1,387	\$ 1,421
Public safety	4,829	4,877	4,772	4,326	4,383	4,745	4,736	4,863	4,768	5,026
Public services	1,311	1,402	1,373	1,257	1,311	-	-	-	-	-
Culture and recreation	2,247	2,406	2,946	2,818	-	-	-	-	-	-
Recreation	-	-	-	-	2,786	2,649	2,226	2,473	2,564	2,860
Community development/ Redevelopment	743	1,036	1,149	1,452	1,384	612	571	635	699	774
Public works	-	-	-	-	-	1,350	1,329	1,343	1,397	1,185
Capital outlay	-	-	-	-	-	465	1,160	527	609	1,189
<b>Total expenditures</b>	<b>\$ 10,627</b>	<b>\$ 11,339</b>	<b>\$ 11,610</b>	<b>\$ 11,158</b>	<b>\$ 11,220</b>	<b>\$ 11,152</b>	<b>\$ 11,277</b>	<b>\$ 11,194</b>	<b>\$ 11,424</b>	<b>\$ 12,455</b>
Excess of revenues over (under) expenditures	\$ 549	\$ 359	\$ 90	\$ (228)	\$ (702)	\$ (932)	\$ (1,208)	\$ (731)	\$ (641)	\$ 933
<b>Other financing sources (uses)</b>										
Transfers in	\$ 877	\$ 560	\$ 1,293	\$ 1,561	\$ 1,427	\$ 1,177	\$ 1,432	\$ 1,157	\$ 1,702	\$ 734
Transfers out	(1,592)	(1,368)	(1,360)	(1,030)	(1,527)	(55)	(260)	(390)	(2,021)	(357)
<b>Total other financing sources (uses)</b>	<b>\$ (715)</b>	<b>\$ (808)</b>	<b>\$ (67)</b>	<b>\$ 531</b>	<b>\$ (100)</b>	<b>\$ 1,122</b>	<b>\$ 1,172</b>	<b>\$ 767</b>	<b>\$ (319)</b>	<b>\$ 377</b>
<b>Net change in fund balances</b>	<b>\$ (166)</b>	<b>\$ (449)</b>	<b>\$ 23</b>	<b>\$ 303</b>	<b>\$ (802)</b>	<b>\$ 190</b>	<b>\$ (36)</b>	<b>\$ 36</b>	<b>\$ (960)</b>	<b>\$ 1,310</b>
Debt service as a percentage of non-capital expenditures	N/A									

**Schedule 5  
City of Gulfport, Florida**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

<b>Fiscal Year Ended Sept. 30</b>	<b>Real Property</b>			<b>Less: Tax Exemptions</b>	
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Governmental/ Institutional</b>	<b>\$25,000 Homestead</b>
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	85,386,625	155,258,784
2014	921,149,481	125,580,281	18,742,091	88,127,607	155,487,991
2015	1,041,251,353	130,259,384	18,886,102	90,811,334	157,363,084

*Continued*

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

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - Continued**

**Last Ten Fiscal Years**

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<b>Less: Tax Exemptions</b>			
<b>Homestead Assessment Differential</b>	<b>Widows/ Disability/ Blind</b>	<b>Total Taxable Assessed Value</b>	<b>Millage Rate *</b>
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
53,289,264	6,641,608	655,254,633	4.039
116,611,683	7,486,605	697,757,967	4.039
186,620,366	7,608,410	747,993,645	4.039

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

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

**Schedule 6  
City of Gulfport, Florida**

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

City Direct Rates		Overlapping Rates					
Fiscal Year	Basic Rate	Pinellas County	Pinellas County Schools	Transit	Emerg. Medical Services	Other	Total Millage
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
2014	4.0390	5.3377	7.8410	0.7305	0.9158	1.2799	20.1439
2015	4.0390	5.3377	7.7700	0.7305	0.9158	1.2629	20.0559

**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 <sup>1</sup>	Total Tax Collected	Percentage of Levy Collected to Date
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	2,496,047	2,425,538	97.2%	-	2,425,538	97.2%
2012	2,628,681	2,567,103	97.7%	-	2,567,103	97.7%
2013	2,624,443	2,528,278	96.3%	4,738	2,533,016	96.5%
2014	2,646,579	2,554,311	96.5%	4,461	2,558,772	96.7%
2015	2,818,244	2,717,771	96.4%	18,347	2,736,118	97.1%

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

<sup>1</sup> Tax collectioned in subsequent years had been included in the current year tax collections for all years prior to 2013.

**Schedule 8  
City of Gulfport, Florida**

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

<b>Property Description</b>	<b>2015</b>			<b>2006</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Seaside Villas Gulfport LLC	\$ 8,750,000	1	28.84%			
CFC Pasadena Golf LLC	3,115,896	2	10.27%	\$ 4,636,300	1	16.91%
Woitshhek, Dwight	2,906,273	3	9.58%	-		
Karma Fund 3 LLC	2,612,034	4	8.61%	-		
49th Street LLC	2,591,457	5	8.54%	-		
Paonessa, Jeffrey	2,349,662	6	7.74%	3,410,900	3	12.44%
Hernandez, Roberto M	2,109,195	7	6.95%	2,108,800	6	7.69%
Carlan, Douglas	2,077,824	8	6.85%			
Holmes, Michael	2,002,962	9	6.60%			
JLP Management Assoc Inc	1,824,199	10	6.01%	1,957,700	7	7.14%
Gulfport Investment Partners				4,600,000	2	16.78%
Damkoehler, Gary L.				2,666,100	4	9.72%
Lavin, Jerome V				2,650,000	5	9.67%
Miller, Ronnie H				1,742,500	10	6.36%
Gulfport Plaza, Inc				1,846,000	8	6.73%
Caldwell, R W III				1,799,300	9	6.56%
<b>Total</b>	<b>\$ 30,339,502</b>			<b>\$ 27,417,600</b>		

**Source:** Pinellas County Property Appraiser tax rolls.

**Schedule 9**  
**City of Gulfport, Florida**

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

<b>Type of Customer</b>	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential	3,298,681	3,448,191	3,167,552	3,142,239	2,865,646	2,903,000	2,910,549	3,040,983	2,896,639	2,852,787
Commercial	321,935	297,895	266,362	261,856	252,456	265,310	277,520	403,363	288,723	283,859
Government	71,785	74,954	82,799	125,989	106,315	102,136	104,043	113,000	111,633	110,428
<b>Total</b>	3,692,401	3,821,040	3,516,713	3,530,084	3,224,417	3,270,446	3,292,112	3,557,346	3,296,995	3,247,074
Total direct rate per 1,000 gallons	\$4.66	\$4.66	\$4.66	\$5.02	\$5.02	\$5.52	\$5.52	\$5.52	\$6.18	\$6.92

**Source:** City of Gulfport Utility Billing System, Incode Software

**Schedule 10  
City of Gulfport, Florida**

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

<b>Fiscal Year</b>	<b>Water</b>		<b>Sewer</b>	
	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>
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
2014	12.36	6.18	15.37	7.68
2015	13.84	6.92	17.71	8.85

**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

<b>Fiscal Year</b>	<b>Business-Type Activities</b>		<b>Total Primary Government</b>	<b>Gulfport Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>Capital Leases</b>	<b>State Revolving Loan</b>				
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	\$ 349,611,944	0.1%	\$ 18
2014	311,607	-	311,607	356,601,490	0.1%	26
2015	239,633	959,120	1,198,753	366,447,480	0.3%	98

**Sources:**

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

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

**Schedule 12  
City of Gulfport, Florida**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**September 30, 2015**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>City's Share of Debt</u>
<b>DIRECT DEBT</b>			
City of Gulfport	\$ -	N/A	\$ -
<b>OVERLAPPING DEBT</b>			
Pinellas County School District State Bonds <sup>b</sup>	14,884,000	1.23%	183,073
Pinellas County School District Capital Leases	2,888,657	1.23%	35,530
Pinellas County Capital Leases	40,872	1.23%	503
Pinellas County Notes Outstanding	11,558,515	1.23%	142,170
Total Direct and Overlapping debt			<u>\$ 361,277</u>

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

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

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

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

**Schedule 13  
City of Gulfport, Florida**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Fiscal Years**

<b>Year</b>	<b>Population</b>	<b>Personal Income (A)</b>	<b>Per Capita Personal Income</b>	<b>Median Age (A)</b>	<b>Unemployment Rate (B)</b>	<b>School Enrollment (C)</b>
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
2014	12,145	356,601,490	29,362	50.7	5.4%	2,394
2015	12,180	366,447,480	30,086	52.9	5.4%	2,289

**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 (A)  
Current Year and Nine Years Ago**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pinellas County School District	15,836	1	38.39%	17,658	1	36.77%
U.S. Dept of Veteran Affairs	4,459	2	10.81%			
All Children's Hospital	3,200	3	7.76%	2,319	10	4.83%
City of St. Petersburg	3,165	4	7.67%	3,420	4	7.12%
Pinellas County Sheriff	2,732	5	6.62%			
Raymond James	2,650	6	6.42%	2,850	6	5.93%
Morton Plant Hospital	2,550	7	6.18%			
St. Petersburg College	2,413	8	5.85%			
Home Shopping Network	2,150	9	5.21%	2,439	9	5.08%
Mease Hospital	2,100	10	5.09%	2,439	8	5.08%
Bay Pines				2,759	7	5.75%
Times Publishing				3,250	5	6.77%
Nielsen Media				3,510	3	7.31%
Pinellas County Government				7,378	2	15.36%
Total Employees	41,255			48,022		

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

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

**Schedule 15  
City of Gulfport, Florida**

**CITY FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**

**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Government</b>										
City Clerk	2.5	2.5	2	2	2	2	2	2	2	2
City Manager	2	2	2	2	2	2	2	2	2	2
Administrative Services	8	8	8	8	7.5	7.5	7	7	6	6
Information Technology	2	2	2	2	2	2	1	0	0	0
Human Resources									1	2
<b>Public Safety</b>										
Police	46	45	44	43	40	40	36	36	36	32
Fire	13.5	17.5	15.5	15.5	16.5	15.5	16.5	13.5	13.5	13.5
<b>Community Development</b>										
	8	8	7	8	8	6	5.5	7	7	7
<b>Public Works</b>										
	26	25	25	24	24	24	24	23	29	30
<b>Utilities</b>										
	6	6	6	6	6	6	6	6	6	7
<b>Recreation</b>										
Cultural Facilities	3.25	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.5	6.5
Marina	3	3.5	3.5	3.5	3.5	3.5	3.5	3	3.5	3.5
<b>Total</b>	<b>161.75</b>	<b>165.5</b>	<b>158.75</b>	<b>157.5</b>	<b>156</b>	<b>151</b>	<b>147.25</b>	<b>143.25</b>	<b>135.5</b>	<b>134.25</b>

**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**

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Police</b>										
Reported crime (UCR Part One)	-	-	725	742	558	590	619	596	711	661
Felony arrests *	791	630	-	-	-	-	-	-	220	168
Reported traffic crashes	-	-	173	150	151	132	124	132	105	95
Traffic violations issued *	2,300	2,201	-	-	-	-	-	-	1,477	1,520
Calls for service	-	-	35,482	38,322	34,005	33,825	23,254	25,263	27,591	29,144
<b>Fire</b>										
Fires extinguished	90	63	41	32	27	63	32	45	64	43
Emergency responses	2,000	2,668	2,722	2,606	2,829	2,519	2,598	2,591	2,761	3,040
Fire inspections	-	-	-	-	-	430	467	451	458	702
<b>Sanitation</b>										
Refuse collected (tons/day)	30.80	29.08	27.84	24.55	24.79	23.47	23.99	32.50	33.64	32.78
Recyclables collected (tons/day)	1.69	1.94	2.39	2.90	2.13	2.42	3.15	4.36	4.52	3.14
<b>Utilities</b>										
Average daily consumption (thousands of gallons)	1,137	1,046	1,089	1,142	989	730	981	957	951	948
Average daily sewage treatment (thousands of gallons)	850	1,051	781	806	1,051	996	1,062	1,147	1,050	1,323
<b>Recreation</b>										
Participants in after- school program	85	81	54	50	45	49	50	46	50	58
Participants in summer camp program	180	198	142	127	110	108	93	129	133	152
<b>Library</b>										
Circulation of materials	111,600	115,489	81,689	93,698	90,749	88,642	92,016	99,248	103,701	85,513
Reference questions	10,900	8,114	8,113	8,772	7,990	8,110	7,081	7,000	10,228	5,132
Sponsored programs	225	276	252	278	253	132	192	277	238	259
<b>Senior Center</b>										
Average daily attendance	120	148	175	200	250	250	250	115	175	233
Meals served daily	140	140	175	60	60	50	50	35	50	71
Reassurance calls made daily	30	27	22	26	30	25	25	13	11	11
<b>GEMS</b>										
Number of rides	13,150	12,105	11,338	10,927	10,454	11,124	11,109	8,132	8,760	6,811
Number of subscriptions	100	145	163	157	186	180	180	165	109	115
Number of handicapped members	100	38	47	69	103	95	95	85	87	92
<b>Marina</b>										
Number of wet/dry slips rented	247	247	237	237	209	192	180	265	289	290
Number of vessels fueled	7,350	6,475	5,776	3,831	3,994	4,919	5,272	4,429	5,184	5,014
Number of gallons dispensed	275,000	217,144	203,556	198,653	189,152	211,333	181,680	172,266	211,697	196,046
Number of transient rentals									197	209
Number of kayaks stored									28	32
<b>Cultural Facilities</b>										
Number of dances/rentals	200	226	289	302	327	323	319	317	314	329
Number of theater rentals	125	118	99	85	75	89	63	73	67	66

**Sources:** Various City departments

\* Different operating indicators selected for tracking after 2007.

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

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

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Schools</b>										
Elementary	1	1	1	1	1	1	1	1	1	1
Junior/Senior High	2	2	2	2	2	2	2	2	2	2
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	22	22	22	22
<b>Fire</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
<b>Other Public Works</b>										
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
<b>Sanitation</b>										
Collection trucks	6	6	6	6	6	6	6	7	7	8
<b>Utilities</b>										
Water mains (miles)	67	68	68	68	68	68	68	68	68	68
Fire hydrants	260	265	265	265	265	265	284	284	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
<b>Recreation</b>										
Acreage	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75
Playgrounds	6	6	6	6	6	6	6	6	6	5
Tennis courts	2	2	2	2	2	2	2	2	2	2
Skate parks	1	1	1	1	1	1	1	1	1	0
Volleyball courts	2	2	2	2	2	2	4	5	5	4
Basketball courts	1	1	1	1	1	1	1	1	1	1
Bocce courts	2	2	2	2	2	2	1	1	1	1
Recreation buses	1	1	1	1	1	1	1	1	1	1
<b>Library</b>										
Catalogued items	74,500	73,665	74,100	74,100	74,438	75,250	95,393	77,113	89,339	75,546
<b>GEMS</b>										
Vehicles	3	3	3	3	3	4	4	4	4	4
<b>Marina</b>										
Number of slips	247	247	247	247	247	247	247	247	247	247
Dry storage slips	-	-	-	-	-	73	80	80	80	80

**Sources:** Various City departments

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

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## **Compliance Section**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated May 13, 2016.

**Internal Control over Financial Reporting**

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

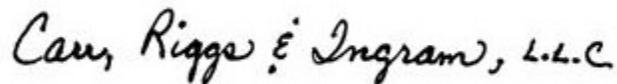
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida  
May 13, 2016

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

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

**Report on Compliance for Each Major State Project**

We have audited City of Gulfport, Florida's (the "City") compliance with the types of compliance requirements described in Chapter 10.550, *Rules of the Auditor General* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2015. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major State Project***

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2015.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

May 13, 2016

**CITY OF GULFPORT, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Grantor/Pass-Through Agency</u>	<u>CSFA/ Number</u>	<u>Contract/ Grant Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<b>State Financial Assistance</b>				
<b>Florida Department of Environmental Protection:</b>				
State Revolving Fund Program *	37.077	WW520200	1,465,480	\$ 1,172,060
<b>Florida Department of Environmental Protection:</b>				
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP52022	245,000	245,000
<b>Florida Department of Education and Commissioner of Education:</b>				
Voluntary Pre-Kindergarten Education Program	48.108	OEL-VPK 20	25,862	<u>25,862</u>
<b>Total State Financial Assistance</b>				<u><u>\$ 1,442,922</u></u>

\* Denotes major state financial assistance project.

**Note 1 - General**

This schedule represents the State-initiated grant activity of the City of Gulfport, Florida (the "City"), recorded by the City during the fiscal year ended September 30, 2015. For purposes of this schedule, state financial assistance includes state assistance received directly from a state agency as well as state funds received indirectly by the City from non-federal or non-state organizations. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

*Basis of Presentation*

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

*Basis of Accounting*

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

**Note 3 - Contingencies**

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

CITY OF GULFPORT, FLORIDA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

**SECTION I – SUMMARY OF AUDITORS’ RESULTS:**

<u>Financial Statements</u>	<u>Results</u>
Type of auditors’ report issued:	Unmodified

**Internal control over financial reporting:**

Material weakness(es) identified?	No
Significant deficiencies identified not considered to be a material weakness(es)	No
Noncompliance material to financial statements noted?	No

<u>Awards and Financial Assistance</u>	<u>State</u>
--	--------------

**Internal control over major programs and projects:**

Material weakness(es) identified?	No
Significant deficiencies identified not considered to be a material weakness(es)	None reported
Type of auditors’ report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with –	
Florida Single Audit Act	No

**Identification of Major Projects**

<u>State</u>	<u>Name of Project</u>
CSFA 37.077	State Revolving Fund Program

	<u>State</u>
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	N/A

CITY OF GULFPORT, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

None

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS:**

None

**SECTION IV – PRIOR YEAR FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

None

**SECTION V – PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AND STATE PROJECTS:**

None

**INDEPENDENT ACCOUNTANTS' REPORT IN ACCORDANCE WITH SECTION 218.415,  
FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

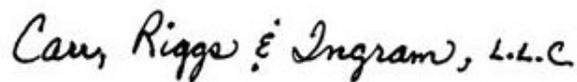
Honorable Mayor and Members of the City Council  
City of Gulfport, Florida

We have examined City of Gulfport, Florida's, (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

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 13, 2016

## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the City of Gulfport, Florida (the "City"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated, May 13, 2016.

### Auditors' Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Project and on Internal Control over Compliance Required by Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of Auditor General*. Disclosures in those reports and schedule, which are dated May 13, 2016, should be considered in conjunction with this management letter.

### Prior Audit Findings

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No audit findings or recommendations were noted in the preceding annual financial audit report.

### Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

### **Special District Component Units**

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Other Matters**

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

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

### **Purpose of this Letter**

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

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

CARR, RIGGS & INGRAM, LLC  
Clearwater, FL  
May 13, 2016