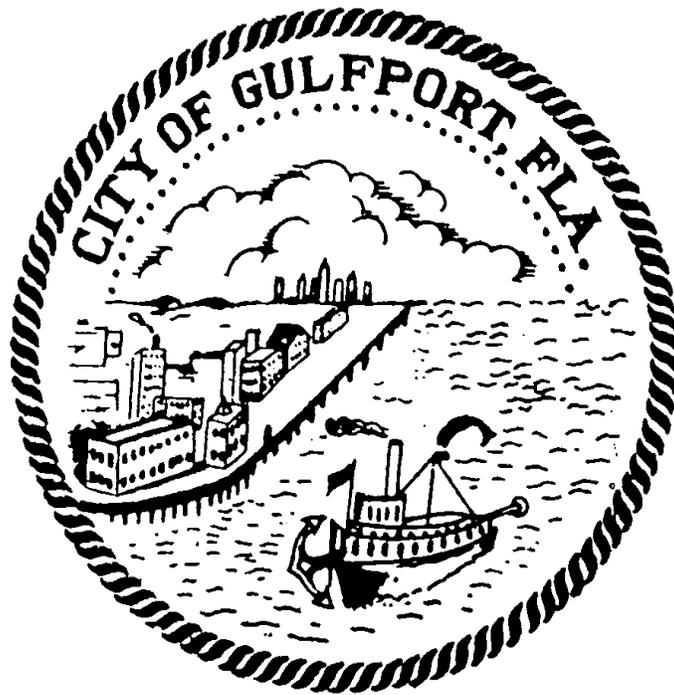


*City of Gulfport
Florida*



*2014
Comprehensive
Annual Financial Report*

Fiscal Year Ended September 30, 2014

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Comprehensive Annual Financial Report
of the
City of Gulfport, Florida
for the
Fiscal Year Ended September 30, 2014

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



City Manager
James E. O'Reilly

City Clerk
Lesley DeMuth

Finance Director
Cheryl Hannafin, CPA

Prepared by the Finance Department

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CITY OF GULFPORT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Year Ended September 30, 2014

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Introductory Section

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CITY OF GULFPORT, FLORIDA

Gateway to the Gulf

SAMUEL HENDERSON, Mayor

DANIEL LIEDTKE, Councilmember, Ward 1
CHRISTINE BROWN, Councilmember, Ward 2 / Vice Mayor

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

March 27, 2015

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, 2014. 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, 2014, 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 12,145 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 past significant and prolonged downturns in the economy and the housing market continue to challenge the City's ability to generate sufficient revenue to meet actual and projected needs. Pension costs continue to rise due to low interest rates. The national and local economy has remained sluggish, showing slow or gradual improvements with a lengthy projected recovery. Values in taxable real estate peaked at just over \$890 million in FY 2009 and continued a steady decline the past five years and have leveled at just over \$697 million for fiscal year end 2014.

Declines in taxable value coupled with legislative or constitutional amendments limiting millage rates have led to an overall cumulative loss in property tax revenues over the past five years, with minimal positive growth for FY14. 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.

	FY09	FY10	FY11	FY12	FY13	FY14
Taxable Assessed Value	\$ 890,284,920	\$ 798,568,343	\$ 718,451,015	\$ 657,170,333	\$ 655,254,633	\$ 697,757,967
Ad valorem Revenues	\$ 3,009,208	\$ 2,699,875	\$ 2,425,538	\$ 2,567,103	\$ 2,533,016	\$ 2,558,772

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

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

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

Relevant financial policies.

The City continues to maintain a 25% minimum Fund Balance, ensuring financial stability and recognizing the potential for natural disasters with the City being located at the gateway to the Gulf of Mexico. By policy, the City must maintain a minimum fund balance in the General Fund in an amount equal to twenty five (25) percent of the City’s General Fund Budget previous year balance. For the FY 2014 yearend, the fund balance was \$3,437,804 while unassigned fund balance was \$3,247,499. The available unassigned fund balance was sufficient to cover this minimum requirement for FY 2014.

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 2014, a total of \$1,648,632 in PILOT transfers were approved in the budget and transferred from the Enterprise Funds, however, the General Fund returned PILOT of \$522,698 from the originally budgeted figures.

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

	Sanitation	Water & Sewer	Marina
FY09	\$ 139,491	\$ 359,137	\$ 287,352
FY10	100,000	-	500,000
FY11	127,727	539,463	454,953
FY12	350,000	546,715	375,000
FY13	467,000	325,000	300,000
FY14	304,353	349,711	471,770

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, 2013. This was the thirty first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



 James E. O'Reilly
 City Manager



 Cheryl Hannafin, CPA
 Finance Director



Government Finance Officers Association

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

Presented to

**City of Gulfport
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

City of Gulfport Organizational Chart



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 AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gulfport, Florida, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

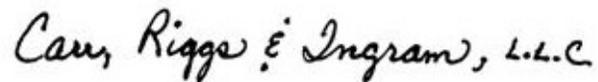
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
March 27, 2015

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 2014.
- *Liquidity* reflects the City's ability to pay current liabilities with current assets. The City maintained sufficient, prudent liquidity levels throughout FY 2014 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 2014 and at year end.
- *Debt levels and debt payments* reflect the impacts of the City's borrowing decisions. The City maintained a long standing position of having minimal outstanding debt as of September 30, 2014.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2014 by \$28,377,485 (net position). Of this amount, \$3,365,523 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental fund revenues increased by \$320,570 or 3.1% when compared to fiscal year 2013. Governmental fund expenditures increased by \$230,266 or 2.1% during this same period.
- Operating revenues of the City's enterprise funds increased by \$691,561 and operating expenses increased \$464,105 when compared to last year.
- The City entered into a Master Equipment Lease/Purchase agreement with Banc of America on July 3, 2013. The equipment cost on a cumulative basis under this agreement is \$367,852. The City had no other long-term debt as of September 30, 2014.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentations more familiar with the focus now on major funds 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.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceed liabilities by \$28,377,485 (net position).

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

STATEMENT OF NET POSITION
As of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 4,467,932	\$ 5,764,196	\$ 2,191,437	\$ 1,344,553	\$ 6,659,369	\$ 7,108,749
Capital Assets (Net)	12,467,427	12,797,036	11,667,893	11,794,835	24,135,320	24,591,871
Total Assets	16,935,359	18,561,232	13,859,330	13,139,388	30,794,689	31,700,620
Current and other liabilities	330,987	636,158	875,092	808,504	1,206,079	1,444,662
Long-term Liabilities	720,817	717,821	490,308	398,214	1,211,125	1,116,035
Total Liabilities	1,051,804	1,353,979	1,365,400	1,206,718	2,417,204	2,560,697
Net Position:						
Net Investment in Capital Assets	12,449,742	12,797,036	11,356,286	11,794,835	23,806,028	24,591,871
Restricted	689,939	752,648	515,995	169,421	1,205,934	922,069
Unrestricted	2,743,874	3,657,569	621,649	(31,586)	3,365,523	3,625,983
Total Net Position	\$ 15,883,555	\$ 17,207,253	\$ 12,493,930	\$ 11,932,670	\$ 28,377,485	\$ 29,139,923

A large portion of the City's net position (83.9%) 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 \$3,365,523 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2014, the City is able to report positive balances in total net position for the City as a whole. The same situation held true for the previous fiscal year. Total capital assets decreased by \$456,551 mainly as a result of depreciation expense greater than current year acquisition of assets. Total long term liabilities increased by \$95,090 mainly due to the addition of a capital lease in the business-type activities.

There was a \$762,438 decrease in the City's total net position, as compared to the previous year. Efforts to mitigate the shortfall of revenues necessitated the practice of transferring payment in lieu of taxes (PILOT) from the enterprise funds to the General Fund.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS - Continued

Changes in Net Position

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

STATEMENT OF ACTIVITIES
For the Year Ended September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for Services	\$ 3,037,232	\$ 2,896,471	\$ 8,515,197	\$ 7,823,636	\$ 11,552,429	\$ 10,720,107
Operating Grants and Contributions	255,429	191,291	-	-	255,429	191,291
Capital Grants and Contributions	3,588	89,769	5,693	-	9,281	89,769
General Revenues:						
Property Taxes	2,661,517	2,632,507	-	-	2,661,517	2,632,507
Utility Taxes and Franchise	2,334,591	2,256,680	-	-	2,334,591	2,256,680
Sales, Use, and Other Taxes	2,307,291	2,274,478	-	-	2,307,291	2,274,478
Investment Income	35,552	4,833	(756)	1,443	34,796	6,276
Other	148,178	98,224	-	-	148,178	98,224
Total Revenues	10,783,378	10,444,253	8,520,134	7,825,079	19,303,512	18,269,332
EXPENSES						
General Government	1,451,430	1,421,150	-	-	1,451,430	1,421,150
Public Safety	4,984,168	5,041,989	-	-	4,984,168	5,041,989
Recreation	2,808,320	2,725,980	-	-	2,808,320	2,725,980
Community Development / Redevelopment	885,412	851,517	-	-	885,412	851,517
Public Works	1,658,580	1,500,888	-	-	1,658,580	1,500,888
Sanitation	-	-	1,983,954	1,836,809	1,983,954	1,836,809
Water and Sewer	-	-	4,684,122	4,528,567	4,684,122	4,528,567
Marina	-	-	1,609,964	1,446,808	1,609,964	1,446,808
Total Expenses	11,787,910	11,541,524	8,278,040	7,812,184	20,065,950	19,353,708
Excess (Deficiency) Before Transfers						
	(1,004,532)	(1,097,271)	242,094	12,895	(762,438)	(1,084,376)
Transfers	(319,166)	767,000	319,166	(767,000)	-	-
Change in Net Position	(1,323,698)	(330,271)	561,260	(754,105)	(762,438)	(1,084,376)
Net Position - Beginning	17,207,253	17,537,524	11,932,670	12,686,775	29,139,923	30,224,299
Net Position - Ending	\$ 15,883,555	\$ 17,207,253	\$ 12,493,930	\$ 11,932,670	\$ 28,377,485	\$ 29,139,923

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

Current Year Impacts

Governmental activities program revenues increased by \$118,718 and general revenues increased by \$220,407 in FY 2014. The City's adopted roll forward millage rate, and user fees, provided appropriate levels of revenue to cover costs to provide the City's traditional high level of service to citizens. A significant increase was from user charges for services of \$140,761 over the prior year mostly in community development. Returns realized from investments continued to remain low as the Federal Reserve held the prime rate at record low rates in response to a sluggish economy.

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

Current Year Impacts - *Continued*

Revenues generated from charges for services for business-type activities increase by \$691,561 over the previous fiscal year while operating expenses increased by \$464,105, combined with other financing uses and sources the result was an increase in net position of \$561,260. The majority of this increase is due to the General Fund returning unutilized PILOT dollars, as well as 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 and sewer charges to the customer in FY 2014.

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, 2014, the governmental funds reported a combined fund balance of \$4.12 million, which is an 18% decrease when compared to the previous year combined fund balance of \$5.08 million. As of fiscal year end, the expenditures exceeded the revenues by \$640,463 in all governmental funds combined (before transfers).

The Governmental Accounting Standards Board ("GASB") issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB-54"). One objective of this standard was to improve, including the understandability, the usefulness of fund balance information by providing clear classifications. GASB 54 established five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned. In accordance with GASB 54, the City's fund balances are allocated as follows: non-spendable for prepaid items and inventories of \$178,708, restricted for various purposes \$689,939, assigned for various purposes \$47,566, and unassigned of \$3,206,583

The General Fund is the chief operating fund of the City. The General Fund had a total fund balance of \$3,437,804 at year end 2014, of which \$3,247,499 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 unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 30.5% of the total general fund expenditures, while total fund balance represents 32.3% of that same amount

The General Fund completed the fiscal year with an expected decrease to fund balance of \$880,000, after transfers. General Fund expenditures before transfers increased by \$232,919 over the prior fiscal year, primarily due to:

- ✓ Florida legislation passed Chapter 2014-22, *Laws of Florida*, relating to special districts. The effect of this Legislature triggered the reallocation of some personnel expense from the Waterfront Redevelopment District to the General Fund.
- ✓ Addition of a Building Inspector and a Permit Clerk.

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 decrease to fund balance of \$159,576. This minimal decrease in fund balance shows that the City is prudently budgeting these funds for City projects. This current citizen-voted initiative expires in 2020.

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

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 \$561,260 from the prior year. This was largely due to transfer of \$880,000 to the Marina as a return of payment in lieu of taxes from the Enterprise Funds to the General Fund. Each of the Enterprise Funds is to be reviewed and analyzed as a separate and distinct business, thus the following commentary focuses on each fund.

The Sanitation Fund is used to account for the operations of the City's solid waste utility. The Sanitation Fund had a decrease in net position of \$253,656 which is similar to the prior year. The decrease is largely due to Payment-In-Lieu of Taxes (PILOT) transfers to General Fund in order to maintain the traditional high levels of services provided the residents of the City of Gulfport. Due to the economic down-turn extensive pressure had been placed on the enterprise funds over the past five (5) years. During fiscal year 2014, 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.

The Water and Sewer Fund is used to account for the operations of the City's water, sewer and stormwater utility. The Water and Sewer Fund had an increase in net position of \$231,556. The increase in net position was mostly due to a 12% increase in the water rates imposed for the 2014 fiscal year.

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 \$583,360. The increase in net position is largely due to a transfer of funds from the General Fund for the building renovation.

BUDGETARY HIGHLIGHTS – GENERAL FUND

Final budgeted expenditures for the General Fund increased by \$985,074 over the prior fiscal year. The majority of this increase was budgeted for additional public safety expenditures related to expanded personnel costs. Also, a significant portion of the increase was due to the initial budgeting of the expense for red light cameras.

Actual fiscal year 2014 expenditures, including transfers, for the General Fund were less than final budgeted expenditures by \$4,273. This accurate result in actual expenditures compared to budgeted amounts were a result of the following factors. Revenues actually collected came in under budget by \$203,899 due to economic fluctuation, while expenditures were under budget by \$447,732 mostly due to reduced personnel and benefit costs; as a result of vacant positions in several departments throughout the year under the Manager's direction to manage personnel and employee costs where possible. The effect of these efforts would typically result in a net increase to the General Fund balance. However, due to the economic stress the PILOT previously placed on the Enterprise Funds, the General Fund was in a position to forgo some PILOT dollars. Subsequently the General Fund returned a segment of the PILOT to meet the expected budget result.

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

GENERAL FUND
For the Year Ended September 30, 2014

Expenditures	<u>Original Budget</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,419,130	\$ 1,443,998	\$ 24,868
Public Safety	5,172,947	5,172,947	-
Leisure Services	2,696,831	2,698,450	1,619
Community Development /			
Redevelopment	618,059	618,059	-
Public Works	1,519,128	1,539,632	20,504
Transfers Out	880,000	880,000	-
	<u>\$ 12,306,095</u>	<u>\$ 12,353,086</u>	<u>\$ 46,991</u>

Expenditures	<u>Actual</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,387,279	\$ 1,443,998	\$ (56,719)
Public Safety	4,725,215	5,172,947	(447,732)
Leisure Services	2,563,936	2,698,450	(134,514)
Community Development /			
Redevelopment	582,613	618,059	(35,446)
Public Works	1,396,668	1,539,632	(142,964)
Transfers Out	1,442,749	880,000	562,749
	<u>\$ 12,098,460</u>	<u>\$ 12,353,086</u>	<u>\$ (254,626)</u>

CAPITAL ASSETS

As of September 30, 2014, the City had \$24,135,320 invested in a variety of capital assets, as compared to \$24,591,871 as of September 30, 2013. This represents a net decrease of \$456,551 or 1.86% from the prior year. Governmental activities contributed 72% of this decrease while business-type activities contributed 28%. The General Fund transferred \$880,000 to the Marina to fund the ship store renovation, of which \$59,052 was included in Construction in Progress within Business-type Activities. The entire balance of Construction in Progress within the Governmental Activities of \$42,000 is a result of the architectural/engineering construction services for the upcoming renovation to the Gulfport Public Library. Depreciation remained consistent with the prior year; however, depreciation was greater than the acquisition of additional capital assets in the current year resulting in the overall decrease.

CAPITAL ASSETS
As of September 30

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2014	2013	2014	2013	2014	2013
Land	\$ 592,072	\$ 592,072	\$ 20,000	\$ 20,000	\$ 612,072	\$ 612,072
Construction in Progress	42,000	-	292,180	118,522	334,180	118,522
Buildings	10,492,759	10,476,719	737,905	737,905	11,230,664	11,214,624
Infrastructure and Improvements	13,297,030	12,919,935	21,932,349	21,642,103	35,229,379	34,562,038
Equipment	4,084,049	3,958,575	3,066,669	2,678,872	7,150,718	6,637,447
Software	350,594	350,594	49,410	49,410	400,004	400,004
	28,858,504	28,297,895	26,098,513	25,246,812	54,957,017	53,544,707
Less: Accumulated Depreciation	<u>(16,391,077)</u>	<u>(15,500,859)</u>	<u>(14,430,620)</u>	<u>(13,451,977)</u>	<u>(30,821,697)</u>	<u>(28,952,836)</u>
Capital Assets, net	<u>\$ 12,467,427</u>	<u>\$ 12,797,036</u>	<u>\$ 11,667,893</u>	<u>\$ 11,794,835</u>	<u>\$ 24,135,320</u>	<u>\$ 24,591,871</u>

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

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

LONG TERM DEBT

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 \$311,607 in outstanding long term debt while the governmental activities remained free of long term debt at September 30, 2014.

LONG TERM DEBT
As of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Capital Leases	\$ -	\$ -	\$ 311,607	\$ 220,778	\$ 311,607	\$ 220,778

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

ECONOMIC FACTORS AND YEAR 2015 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 (franchise, occupational licenses, etc.) to fund governmental activities. Most of these economy-driven revenue sources had been projected to have minimal growth in the fiscal year 2015 budget. The budget development process for FY 2015 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 2015 include:

- The Ad Valorem millage (property tax) had been budgeted to remain at 4.039 mils for the 3rd consecutive year, although an increase in the actual assessed value of property in the City is projected to generate an estimated \$165,000 in additional revenue.
- Administrative Overhead payment to General Fund representing 15% of recurring revenues of Enterprise Fund for indirect costs, acknowledges the increased cost of doing business.
- Reduce level of Utility (Water & Sewer), Marina and Sanitation PILOT fund transfers to General Fund.
- Rebuild Enterprise Fund balances, budgeting and accounting for depreciation of assets.
- City-wide salary increases (COLA) of 3%.
- Increase of 2% in total employee health insurance costs City-wide.

Customer sanitation, water and sewer rates increased by 12% in October 2014 to offset the increased cost of operations and the increases in wholesale water and sewer costs being levied upon the City of Gulfport by the City of St. Petersburg, and to maintain compliance with the existing purchasing agreement, set to expire in FY 2017/2018. These increased rates were implemented to help offset the increase in wholesale water costs the City had previously been absorbing.

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

FINANCIAL CONTACT

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

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Basic Financial Statements

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

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CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 2,589,639	\$ 1,349,163	\$ 3,938,802
Restricted Cash and Investments	689,939	396,919	1,086,858
Receivables (net)	335,060	921,959	1,257,019
Due from Other Governments	18,509	50,359	68,868
Internal Balances	641,928	(641,928)	-
Inventories	20,275	97,509	117,784
Prepaid Items	158,433	17,456	175,889
Pension Asset	14,149	-	14,149
Capital Assets:			
Capital Assets not Being Depreciated	634,072	312,180	946,252
Capital Assets Being Depreciated and Amortized (Net)	11,833,355	11,355,713	23,189,068
Total Capital Assets	<u>12,467,427</u>	<u>11,667,893</u>	<u>24,135,320</u>
Total Assets	<u>16,935,359</u>	<u>13,859,330</u>	<u>30,794,689</u>
LIABILITIES			
Accounts Payable	132,749	529,420	662,169
Liabilities Payable from Restricted Assets	-	221,806	221,806
Accrued Liabilities	140,850	41,408	182,258
Due to Other Governments	20,594	82,458	103,052
Deposits	36,794	-	36,794
Long-term Liabilities:			
Due Within One Year	220,942	113,388	334,330
Due in More Than One Year	499,875	376,920	876,795
Total Liabilities	<u>1,051,804</u>	<u>1,365,400</u>	<u>2,417,204</u>
NET POSITION			
Net Investment in Capital Assets	12,449,742	11,356,286	23,806,028
Restricted			
Sewer Projects	-	175,113	175,113
Capital Projects	536,139	340,882	877,021
Library Projects	62,586	-	62,586
Public Safety	78,779	-	78,779
Other Special Projects	12,435	-	12,435
Unrestricted	<u>2,743,874</u>	<u>621,649</u>	<u>3,365,523</u>
Total Net Position	<u>\$ 15,883,555</u>	<u>\$ 12,493,930</u>	<u>\$ 28,377,485</u>

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

CITY OF GULFPORT, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

<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	\$ 1,451,430	\$ 979,986	\$ -	\$ -
Public Safety	4,984,168	1,025,715	5,304	-
Recreation	2,808,320	702,001	208,164	-
Community Development/Redevelopment	885,412	-	-	-
Public Works	<u>1,658,580</u>	<u>329,530</u>	<u>41,961</u>	<u>3,588</u>
Total Governmental Activities	<u>11,787,910</u>	<u>3,037,232</u>	<u>255,429</u>	<u>3,588</u>
Business-type Activities:				
Sanitation	1,983,954	2,035,024	-	-
Water and Sewer	4,684,122	4,720,012	-	5,693
Marina	<u>1,609,964</u>	<u>1,760,161</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>8,278,040</u>	<u>8,515,197</u>	<u>-</u>	<u>5,693</u>
Total	<u>\$ 20,065,950</u>	<u>\$ 11,552,429</u>	<u>\$ 255,429</u>	<u>\$ 9,281</u>

General Revenues:

Property Tax
Sales Tax
Infrastructure Surtax
Public Service Tax
Gas Tax
State Revenue Sharing
Other Taxes
Franchise Fees
Investment Income (Loss)
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

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

Governmental Activities	Business-type Activities	Total
\$ (471,444)	\$ -	\$ (471,444)
(3,953,149)	-	(3,953,149)
(1,898,155)	-	(1,898,155)
(885,412)	-	(885,412)
(1,283,501)	-	(1,283,501)
<u>(8,491,661)</u>	<u>-</u>	<u>(8,491,661)</u>
-	51,070	51,070
-	41,583	41,583
-	150,197	150,197
<u>-</u>	<u>242,850</u>	<u>242,850</u>
(8,491,661)	242,850	(8,248,811)
2,661,517	-	2,661,517
692,206	-	692,206
1,010,407	-	1,010,407
1,594,627	-	1,594,627
154,518	-	154,518
372,384	-	372,384
77,776	-	77,776
739,964	-	739,964
35,552	(756)	34,796
148,178	-	148,178
<u>(319,166)</u>	<u>319,166</u>	<u>-</u>
<u>7,167,963</u>	<u>318,410</u>	<u>7,486,373</u>
(1,323,698)	561,260	(762,438)
<u>17,207,253</u>	<u>11,932,670</u>	<u>29,139,923</u>
<u>\$ 15,883,555</u>	<u>\$ 12,493,930</u>	<u>\$ 28,377,485</u>

CITY OF GULFPORT, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,552,710	\$ 386,265	\$ 340,603	\$ 3,279,578
Accounts Receivable (Net)	319,049	-	16,011	335,060
Due from Other Funds	689,891	-	-	689,891
Due from Other Governments	18,509	-	-	18,509
Prepaid Items	157,595	-	838	158,433
Inventories	20,275	-	-	20,275
Total Assets	<u>\$ 3,758,029</u>	<u>\$ 386,265</u>	<u>\$ 357,452</u>	<u>\$ 4,501,746</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 126,347	\$ 5,800	\$ 602	\$ 132,749
Accrued Liabilities	139,546	-	1,304	140,850
Due to Other Funds	-	-	47,963	47,963
Due to Other Governments	17,538	3,056	-	20,594
Deposits Payable	36,794	-	-	36,794
Total Liabilities	<u>320,225</u>	<u>8,856</u>	<u>49,869</u>	<u>378,950</u>
Fund Balances				
Nonspendable Inventories and Prepaids	177,870	-	838	178,708
Restricted for Library	-	-	62,586	62,586
Restricted for Public Safety	-	-	78,779	78,779
Restricted for Capital Purchases	-	377,409	158,730	536,139
Restricted for Other Special Projects	12,435	-	-	12,435
Assigned for Other Projects	-	-	-	-
Assigned for Waterfront Redevelopment	-	-	47,566	47,566
Unassigned (Deficit)	3,247,499	-	(40,916)	3,206,583
Total Fund Balances	<u>3,437,804</u>	<u>377,409</u>	<u>307,583</u>	<u>4,122,796</u>
Total Liabilities and Fund Balances	<u>\$ 3,758,029</u>	<u>\$ 386,265</u>	<u>\$ 357,452</u>	<u>\$ 4,501,746</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, 2014

Total fund balances of governmental funds		\$ 4,122,796
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$28,858,504, and the accumulated depreciation and amortization is \$16,391,077.		12,467,427
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	(204,671)	
Compensated absences	(516,146)	
		(720,817)
The pension asset resulting from contributions in excess of the annual required contribution is not a current financial resource and therefore is not reported in governmental funds.		14,149
 Total net position of governmental activities		\$ 15,883,555

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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 5,027,126	\$ 1,010,407	\$ 180,316	\$ 6,217,849
Permits and Fees	251,228	3,588	-	254,816
Intergovernmental Revenues	1,728,162	-	-	1,728,162
Charges for Services	1,871,045	-	-	1,871,045
Fines and Forfeitures	324,436	-	18,318	342,754
Investment Income	35,552	-	-	35,552
Miscellaneous Revenues	332,279	70	851	333,200
Total Revenues	<u>9,569,828</u>	<u>1,014,065</u>	<u>199,485</u>	<u>10,783,378</u>
EXPENDITURES				
Current:				
General Government	1,387,279	-	-	1,387,279
Public Safety	4,725,215	-	42,837	4,768,052
Recreation	2,563,936	-	197	2,564,133
Community Development/ Redevelopment	582,613	-	116,455	699,068
Public Works	1,396,668	-	-	1,396,668
Capital Outlay	-	608,641	-	608,641
Total Expenditures	<u>10,655,711</u>	<u>608,641</u>	<u>159,489</u>	<u>11,423,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,085,883)</u>	<u>405,424</u>	<u>39,996</u>	<u>(640,463)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers In	1,648,632	-	53,049	1,701,681
Transfers (Out)	(1,442,749)	(565,000)	(13,098)	(2,020,847)
Total Other Financing Sources and (Uses)	<u>205,883</u>	<u>(565,000)</u>	<u>39,951</u>	<u>(319,166)</u>
Net Change in Fund Balances	(880,000)	(159,576)	79,947	(959,629)
Fund Balances - Beginning	<u>4,317,804</u>	<u>536,985</u>	<u>227,636</u>	<u>5,082,425</u>
Fund Balances - Ending	<u>\$ 3,437,804</u>	<u>\$ 377,409</u>	<u>\$ 307,583</u>	<u>\$ 4,122,796</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, 2014

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

Net change in fund balances - total governmental funds		\$ (959,629)
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated and amortized over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which cost of depreciation and amortization (\$1,102,241) exceeds capital purchases (\$772,632).		(329,609)
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:		
Compensated absences	33,094	
Other postemployment benefits	(36,090)	
Pension asset	<u>(31,464)</u>	
		(34,460)
Under the modified accrual basis of accounting, some revenues are recognized when both the measureable and available criteria have been met. Some revenues earned in the current year were not recognized since availability criteria was not met. Under full accrual accounting, all revenues would be recognized.		<u>-</u>
Change in net position of governmental activities		<u>\$ (1,323,698)</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, 2014

Business-type Activities - Enterprise Funds

	Sanitation	Water And Sewer	Marina	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 14,254	\$ 662,733	\$ 672,176	\$ 1,349,163
Restricted Assets:				
Cash Held for Customer Deposits	-	153,748	68,058	221,806
Cash Held for Sewer Impact Fees	-	175,113	-	175,113
Accounts Receivable (net)	210,953	453,965	257,041	921,959
Due From Other Governments	-	50,359	-	50,359
Inventories	-	69,010	28,499	97,509
Prepaid Items	-	16,456	1,000	17,456
Total Current Assets	<u>225,207</u>	<u>1,581,384</u>	<u>1,026,774</u>	<u>2,833,365</u>
Noncurrent Assets:				
Capital Assets:				
Land	-	-	20,000	20,000
Buildings	230,746	411,965	95,194	737,905
Infrastructure and Improvements	295,053	17,307,083	4,330,213	21,932,349
Equipment and Machinery	2,168,230	841,555	56,884	3,066,669
Software	12,167	36,274	969	49,410
Construction in Progress	-	133,845	158,335	292,180
Less: Accumulated Depreciation and Amortization	<u>(1,666,750)</u>	<u>(9,763,683)</u>	<u>(3,000,187)</u>	<u>(14,430,620)</u>
Total Capital Assets (Net)	<u>1,039,446</u>	<u>8,967,039</u>	<u>1,661,408</u>	<u>11,667,893</u>
Total Noncurrent Assets	<u>1,039,446</u>	<u>8,967,039</u>	<u>1,661,408</u>	<u>11,667,893</u>
Total Assets	<u>1,264,653</u>	<u>10,548,423</u>	<u>2,688,182</u>	<u>14,501,258</u>

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF NET POSITION - Continued
PROPRIETARY FUNDS
September 30, 2014

Business-type Activities - Enterprise Funds

	Sanitation	Water and Sewer	Marina	Total
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 31,298	\$ 492,029	\$ 6,093	\$ 529,420
Accrued Liabilities	28,031	8,862	4,515	41,408
Due to Other Funds	-	263,294	378,634	641,928
Due to Other Governments	-	75,963	6,495	82,458
Liabilities Payable from Restricted Assets - Deposits	-	153,748	68,058	221,806
Capital Lease Payable	71,975	-	-	71,975
Compensated Absences Payable	15,962	17,826	7,625	41,413
Total Current Liabilities	<u>147,266</u>	<u>1,011,722</u>	<u>471,420</u>	<u>1,630,408</u>
Noncurrent Liabilities:				
Other Postemployment Benefits	25,381	15,654	4,478	45,513
Capital Lease Payable	239,632	-	-	239,632
Compensated Absences Payable	29,380	42,634	19,761	91,775
Total Noncurrent Liabilities	<u>294,393</u>	<u>58,288</u>	<u>24,239</u>	<u>376,920</u>
Total Liabilities	<u>441,659</u>	<u>1,070,010</u>	<u>495,659</u>	<u>2,007,328</u>
NET POSITION				
Net Investment in Capital Assets	727,839	8,967,039	1,661,408	11,356,286
Restricted for Sewer Projects	-	175,113	-	175,113
Restricted for Capital Purchases	-	340,882	-	340,882
Unrestricted (Deficit)	95,155	(4,621)	531,115	621,649
Total Net Position	<u>\$ 822,994</u>	<u>\$ 9,478,413</u>	<u>\$ 2,192,523</u>	<u>\$ 12,493,930</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, 2014

	Business-type Activities - Enterprise Funds			
	Sanitation	Water And Sewer	Marina	Total
Operating Revenues:				
Charges for Services	\$ 2,023,217	\$ 4,720,012	\$ 1,759,911	\$ 8,503,140
Miscellaneous Revenues	11,807	-	250	12,057
Total Operating Revenues	<u>2,035,024</u>	<u>4,720,012</u>	<u>1,760,161</u>	<u>8,515,197</u>
Operating Expenses:				
Personal Services	804,688	576,129	201,110	1,581,927
Contracted Services	370,169	2,753,769	982	3,124,920
Supplies and Materials	65,869	107,797	842,232	1,015,898
Repairs and Maintenance	291,384	85,322	19,149	395,855
Administrative Overhead	237,932	467,622	217,934	923,488
Other Services and Charges	40,840	89,532	119,667	250,039
Depreciation	169,780	603,748	208,762	982,290
Total Operating Expenses	<u>1,980,662</u>	<u>4,683,919</u>	<u>1,609,836</u>	<u>8,274,417</u>
Operating Income	<u>54,362</u>	<u>36,093</u>	<u>150,325</u>	<u>240,780</u>
Nonoperating Revenues (Expenses):				
Investment (Loss)	(373)	(316)	(67)	(756)
Interest Expense	(3,292)	(203)	(128)	(3,623)
Total Nonoperating Revenues (Expenses)	<u>(3,665)</u>	<u>(519)</u>	<u>(195)</u>	<u>(4,379)</u>
Income (Loss) Before Contributions and Transfers	50,697	35,574	150,130	236,401
Capital Contributions	-	5,693	-	5,693
Transfers In	355,398	707,190	905,210	1,967,798
Transfers (Out)	(659,751)	(516,901)	(471,980)	(1,648,632)
Change in Net Position	<u>(253,656)</u>	<u>231,556</u>	<u>583,360</u>	<u>561,260</u>
Total Net Position - Beginning	<u>1,076,650</u>	<u>9,246,857</u>	<u>1,609,163</u>	<u>11,932,670</u>
Total Net Position - Ending	<u>\$ 822,994</u>	<u>\$ 9,478,413</u>	<u>\$ 2,192,523</u>	<u>\$ 12,493,930</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, 2014

	Business-type Activities - Enterprise Funds			
	Sanitation	Water And Sewer	Marina	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 2,034,962	\$ 4,688,851	\$ 1,749,352	\$ 8,473,165
Payments to Suppliers	(1,042,197)	(3,374,552)	(1,247,614)	(5,664,363)
Payments to Employees	(806,709)	(569,076)	(196,632)	(1,572,417)
Net Cash Provided by Operating Activities	<u>186,056</u>	<u>745,223</u>	<u>305,106</u>	<u>1,236,385</u>
Cash Flows from Noncapital Financing Activities				
Transfers (to) Other Funds	(659,751)	(516,901)	(471,980)	(1,648,632)
Transfers from Other Funds	355,398	707,190	905,210	1,967,798
Net Cash Provided (Used) In Noncapital Financing Activities	<u>(304,353)</u>	<u>190,289</u>	<u>433,230</u>	<u>319,166</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(367,852)	(342,495)	(145,001)	(855,348)
Impact fees received	-	5,693	-	5,693
Proceeds from Capital Lease	135,915	-	-	135,915
Principal payments	(45,086)	-	-	(45,086)
Interest payments	(3,292)	(203)	(128)	(3,623)
Net Cash (Used) In Capital and Related Financing Activities	<u>(280,315)</u>	<u>(337,005)</u>	<u>(145,129)</u>	<u>(762,449)</u>
Cash Flows from Investing Activities				
Income Received from Investments	2,686	2,459	736	5,881
Net Cash Provided In Investing Activities	<u>2,686</u>	<u>2,459</u>	<u>736</u>	<u>5,881</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(395,926)	600,966	593,943	798,983
Cash and Cash Equivalents at Beginning of Year	<u>410,180</u>	<u>390,628</u>	<u>146,291</u>	<u>947,099</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,254</u>	<u>\$ 991,594</u>	<u>\$ 740,234</u>	<u>\$ 1,746,082</u>

Continued

CITY OF GULFPORT, FLORIDA
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
For The Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			
	Sanitation	Water And Sewer	Marina	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 54,362	\$ 36,093	\$ 150,325	\$ 240,780
Depreciation	169,780	603,748	208,762	982,290
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(62)	7,984	(18,987)	(11,065)
(Increase) Decrease in Due from Other Governments	-	(50,359)	-	(50,359)
(Increase) Decrease in Prepaid Items	-	(4,707)	-	(4,707)
(Increase) Decrease in Inventories	-	10,266	1,327	11,593
Increase (Decrease) in Accounts Payable	(36,003)	127,348	(49,949)	41,396
Increase (Decrease) in Due to Other Governments	-	(3,417)	972	(2,445)
Increase (Decrease) in OPEB	4,522	2,454	1,130	8,106
Increase (Decrease) in Accrued Liabilities	7,411	427	407	8,245
Increase (Decrease) in Compensated Absences	(13,954)	4,172	2,941	(6,841)
Increase (Decrease) in Customer Deposits	-	11,214	8,178	19,392
Total Adjustments	<u>131,694</u>	<u>709,130</u>	<u>154,781</u>	<u>995,605</u>
Net Cash Provided by Operating Activities	<u>\$ 186,056</u>	<u>\$ 745,223</u>	<u>\$ 305,106</u>	<u>\$ 1,236,385</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, 2014

ASSETS

Cash and Cash Equivalents:	
Short Term Investments	\$ 211,937
Money Market	1,483,855
Cash	<u>(1,307,987)</u>
Total Cash and Cash Equivalents	<u>387,805</u>
Receivables:	
City Contributions in Transit	297,970
Investment Income	33,944
Due From Government	<u>24,050</u>
Total Receivables	<u>355,964</u>
Investments, at Fair Value:	
Corporate Bonds	3,160,412
Stocks	6,269,297
Mutual Funds:	
Equity	9,541,674
Fixed Income	<u>6,086,856</u>
Total Investments	<u>25,058,239</u>
Total Assets	<u>25,802,008</u>

LIABILITIES

Prepaid City Contribution	153,935
Accounts Payable	<u>1,458</u>
Total Liabilities	<u>155,393</u>

Net Position Restricted for Pension Benefits	<u>\$ 25,646,615</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, 2014

ADDITIONS

Contributions	
City	\$ 945,803
Member	266,047
State	<u>183,432</u>
Total Contributions	<u>1,395,282</u>
Investment Income	
Net Increase in Fair Value of Investments	1,726,519
Interest & Dividends	849,647
Less: Investment Expense ¹	<u>(108,806)</u>
Net Investment Income	<u>2,467,360</u>
Total Additions	<u>3,862,642</u>

DEDUCTIONS

Distributions to Members:	
Benefit Payments	1,090,256
Lump Sum PLOP Distributions	123,913
Refunds of Member Contributions	<u>37,922</u>
Total Distributions	<u>1,252,091</u>
Administrative Expense	<u>104,715</u>
Total Deductions	<u>1,356,806</u>

Change in Net Position 2,505,836

Net Position Restricted for Pension Benefits

Beginning of Year 23,140,779

End of Year \$ 25,646,615

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

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Blended Component Units

The City has included the Gulfport Community Redevelopment Agency (“CRA”) in these financial statements. The City Council is the governing body of this agency, which was approved by the Board of County Commissioners of Pinellas County under Chapter 163, Florida Statutes, to act as the redevelopment agency for the Gulfport Community Redevelopment Districts. Management of the primary government has operational responsibility for the component unit. 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, 2014

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

B. BASIC FINANCIAL STATEMENTS

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

The government-wide statement of activities reports the gross and net cost for the various functional categories (general government, public safety, 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 expenditures/expenses or capital expenditures/expenses associated with the specific program.

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

C. MEASUREMENT FOCUS AND BASIS OF PRESENTATION

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

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

1. Governmental Funds:

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

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

2. Proprietary Funds:

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

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

2. Proprietary Funds: *(Continued)*

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

3. Fiduciary Funds:

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

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

All proprietary funds and pension trust funds are accounted for using the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net 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, 2014

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

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

1. Modified Accrual:

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are utility and franchise taxes, intergovernmental revenues and grants, state revenue sharing, and interest on pooled investments.

2. Accrual:

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

E. ASSETS, LIABILITIES, AND FUND EQUITY

Cash and Investments

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

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

Cash and Investments *(Continued)*

A 2a7-like pool is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, these pools operate essentially as a money market fund. The 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 uncollectibles. Accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes, which were levied during fiscal year 2014 and are uncollected as of September 30, 2014, 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, 2014, are recorded as prepaid items. These payments are recorded as expenditures or expenses when consumed or due rather than when purchased.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

Capital Assets

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

Compensated Absences

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

Net Position

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

- **Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and capital related debt.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

Net Position *(Continued)*

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

Fund Balance

In accordance with GASB Statement No. 54, the City classified governmental fund balances as follows:

- Nonspendable Fund Balance - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City's highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action. The City Council can establish, modify or rescind committed fund balance through the formal approval of an ordinance.
- Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City Manager has the official authority to assign fund balance in accordance with the City's Fund Balance Policy. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget.
- Unassigned Fund Balance - Unassigned fund balance is the residual classification for the General Fund and also includes deficit fund balances of other government funds.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

Fund Balance *(Continued)*

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

Minimum Fund Balance Policy

It is the goal of the City to achieve and maintain an unassigned General Fund balance equal to 25% of the City's General Fund Budget previous year balance. 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 City Council shall in subsequent years add to the unassigned funds the lesser of a total of two hundred fifty thousand dollars (\$250,000) per year or whatever amount is necessary to achieve unassigned funds that are twenty five (25) percent of the previous fiscal year. These additions shall continue until funds in the unassigned fund have been increased to equal at least twenty five (25) percent of the City's General Fund budget for the previous year.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to July 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- b) Two public hearings are conducted to obtain taxpayer comments on the proposed budget.
- c) Prior to October 1, the budget is legally enacted through passage of an ordinance for the General, Redevelopment Trusts, Law Enforcement Trust, Capital Projects, Sanitation, Water and Sewer, and Marina Funds. The Library Fund does not adopt an annual budget.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

Budgets and Budgetary Accounting *(Continued)*

- d) Expenditures may not legally exceed appropriations at the departmental level.
- e) The City Manager is authorized to transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within a department or district. Any revisions that alter the total expenditures of any department or fund must be approved by the City Council. The City Council may, by resolution, transfer any unencumbered appropriation balance, or portion thereof, from one office or department to another.
- f) Budgets for enterprise funds are adopted using a financial flow basis and, as a result, are not consistent with GAAP in that depreciation is excluded and capital outlay cost is included. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects and Enterprise Funds. Budgets for the governmental funds are adopted using a basis consistent with GAAP.
- g) Subsequent Appropriations - Supplemental appropriations were necessary for the General Fund, Waterfront Redevelopment District Special Revenue Fund, 49th Street Redevelopment District Special Revenue Fund, Law Enforcement Trust, Capital Projects Fund, and the Water and Sewer Fund.

F. ENCUMBRANCES

Encumbrances represent contractual commitments in the form of purchase orders and contracts relating to governmental funds. Such encumbrances are not recorded as expenditures, but rather as committed or assigned fund balance depending on the method of approval of the contract or purchase order. Unencumbered appropriations lapse at year-end. The annual appropriations ordinance provides that outstanding encumbrances are to become supplemental appropriations in the respective departmental accounts in the ensuing fiscal year, unless cancelled.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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, 2014 was 4.039 mills.

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

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

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

H. INTERFUND TRANSACTIONS

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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, 2014, the bank balance of the City's cash deposit accounts was \$3,575,417 and the carrying amount of the demand deposits and cash on hand was \$3,188,318. The cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

Investments

Florida Statutes (218.415) authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government, U.S. Government Instrumentalities, State of Florida Local Government Surplus Funds Trust Fund, and mutual funds investing in U.S. Government securities.

The City adopted its own investment policy that also authorizes the City to invest in the following: a) Florida Municipal Investment Trust Funds; b) Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency; c) obligations of government-sponsored corporations (instrumentalities - which are usually "AAA" rated but have no explicit government guarantee), which are eligible as collateral for advances to member banks, as determined by the Board of Governors of the Federal Reserve; d) collateralized mortgage obligations ("CMO's") with very accurately defined maturities issued by Federal Agencies and instrumentalities and limited to VATM/accretion directed CMO's or planned amortization class CMO's or sequential bonds CMO's; e) bankers acceptance guaranteed by banking institutions with a bank rating of "AA" on its long-term debt; f) prime commercial paper having received an "A1/P1" or higher rating by a nationally recognized rating agency; g) non-negotiable certificates of deposit and bank investment contracts ("BIC"), which can

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

Investments *(Continued)*

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

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

The City’s investments carried at fair value as of September 30, 2014, are as follows:

	Fair Value	Weighted Average Maturity	Credit Rating
Florida Surplus Asset Fund Trust	\$ 2,015,582	40 days (1)	S&P AAAm
Florida PRIME	59,184	39 days (1)	S&P AAAm
Total Investments	\$ 2,074,766		

(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, 2014, 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, 2014

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

Investments (Continued)

Credit Risk - In compliance with the City's Investment Policy, as of September 30, 2014, 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, 2014:

	Fair Value	Weighted Average Maturity	Credit Rating
Money Market Funds	\$ 72,320	n/a	n/a
Equity Mutual Funds	8,819,092	n/a	n/a
Fixed Income Mutual Funds	4,804,155	n/a	n/a
Total Investments	<u>\$ 13,695,567</u>		

Credit Risk- The Pension Fund minimizes credit risk by investing in mutual funds.

Interest Rate Risk- Through its investment policies, the Pension Fund manages its exposure to fair value losses arising from increasing interest rates by investing in short-term money market-type funds that can be liquidated immediately.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2014

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, 2014:

	Fair Value	Weighted Average Maturity	Credit Rating
Money Market Funds	\$ 175,868	n/a	n/a
Corporate Bonds	3,160,412	7.4 yrs	A+
Stocks	5,137,234	n/a	n/a
Total Investments	<u>\$ 8,473,514</u>		

Credit Risk—To mitigate credit risk, the Police Pension's investment policy limits the minimum credit quality rating of investments, as rated by nationally recognized statistical rating organizations (NRSROs).

Interest Rate Risk - Through its investment policies, the Police Pension manages its exposure to fair value losses arising from increasing interest rates by investing in mutual bond funds and short-term money market-type funds that can be liquidated immediately.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2014

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 any one 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, 2014:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Money Market Funds	\$ 139,617	n/a	n/a
Stocks	1,132,063	n/a	n/a
Equity Mutual Funds	722,582	n/a	n/a
Fixed Income Mutual Funds	1,282,701	n/a	n/a
Total Investments	<u>\$ 3,276,963</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, 2014

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2014, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Receivable:			
Billed	\$ 83,006	\$ 900,252	\$ 983,258
Unbilled	10,559	317,806	328,365
Payroll Advance	5,124	2,529	7,653
Code Enforcement Liens	304,098	-	304,098
Total Receivables	402,787	1,220,587	1,623,374
Allowance for Uncollectibles	(67,727)	(298,628)	(366,355)
Net Total Receivables	\$ 335,060	\$ 921,959	\$ 1,257,019

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers consist of the following for the year ended September 30, 2014:

Fund	Transfers In	Transfers Out
General	\$ 1,648,632	\$ 1,442,749
Capital Projects	-	565,000
Sanitation	355,398	659,751
Water and Sewer	707,190	516,901
Marina	905,210	471,980
Nonmajor Funds:		
49th Street Redevelopment District	18,548	
Law Enforcement Trust Fund	34,501	13,098
Total	\$ 3,669,479	\$ 3,669,479

The transfers out made by the Marina, Sanitation, and Water and Sewer Funds to the General Fund represent (PILOT) payments in lieu of taxes. General Fund transfers out consist mostly of the return of PILOT, as well a transfer of \$880,000 to the Marina to fund a building renovation project. The transfers out of the Capital Projects Fund include \$540,000 transferred to the Water and Sewer Fund for a sanitary sewer project, of which \$340,882 was unspent at year end, and therefore reflected as part of the restricted net position in the Water and Sewer Fund.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

Interfund payables and receivables consist of the following for the year ended September 30, 2014:

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

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

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance 10/1/2013	Additions	Deletions	Ending Balance 9/30/2014
Governmental Activities:				
Non-depreciated Assets:				
Land	\$ 592,072	\$ -	\$ -	\$ 592,072
Construction in Progress	-	42,000	-	42,000
Depreciated and Amortized Assets:				
Buildings	10,476,719	16,040	-	10,492,759
Infrastructure and Improvements	12,919,935	377,095	-	13,297,030
Equipment	3,958,575	337,497	(212,023)	4,084,049
Software	350,594	-	-	350,594
Total Capital Assets at Historical Cost	28,297,895	772,632	(212,023)	28,858,504
Less Accumulated Depreciation and Amortization for:				
Buildings	3,939,837	265,121	-	4,204,958
Infrastructure and Improvements	8,582,244	503,535	-	9,085,779
Equipment	2,685,593	325,135	(247,765)	2,762,963
Software	293,185	8,450	35,742	337,377
Total Accumulated Depreciation and Amortization	15,500,859	1,102,241	(212,023)	16,391,077
Governmental Activities				
Capital Assets, Net	\$ 12,797,036	\$ (329,609)	\$ -	\$ 12,467,427

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

NOTE 5 - CAPITAL ASSETS *(Continued)*

	Beginning			Ending
	Balance		Deletions	Balance
	10/01/2013	Additions	Deletions	09/30/2014
Business-Type Activities:				
Non-depreciated Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in Progress	118,522	173,658	-	292,180
Depreciated and Amortized Assets:				
Buildings	737,905	-	-	737,905
Infrastructure and Improvements	21,642,103	290,246	-	21,932,349
Equipment	2,678,872	391,444	(3,647)	3,066,669
Software	49,410	-	-	49,410
Total at Historical Cost	<u>25,246,812</u>	<u>855,348</u>	<u>(3,647)</u>	<u>26,098,513</u>
Less Accumulated Depreciation and Amortization for:				
Buildings	571,737	9,631	-	581,368
Infrastructure and Improvements	11,211,547	745,505	-	11,957,052
Equipment	1,619,283	227,154	(3,647)	1,842,790
Software	49,410	-	-	49,410
Total Accumulated Depreciation and Amortization	<u>13,451,977</u>	<u>982,290</u>	<u>(3,647)</u>	<u>14,430,620</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,794,835</u>	<u>\$ (126,942)</u>	<u>\$ -</u>	<u>\$ 11,667,893</u>

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

General Government	\$ 66,516
Public Safety	267,298
Recreation	316,788
Community Development/ Redevelopment	189,293
Public Works	262,346
	<u>\$ 1,102,241</u>

Depreciation and amortization was charged to business-type activities: \$169,780 to sanitation, \$603,748 to water and sewer, and \$208,762 to marina.

NOTE 6 - RISK MANAGEMENT

The City is subject to losses in the normal course of operations resulting from general liability, property and casualty; workers' compensation; employee health and accident; environmental, and antitrust matters. The City has purchased commercial insurance to protect against employee health losses. The City participates in the Public Risk Management of Florida for purposes of protecting against workers' compensation losses; real and personal property losses; automobile damage; and general liability, including malpractice, and errors and omissions. The City does not self-insure against any risks. To the extent that the City has purchased commercial insurance, all risk of loss has been transferred to the insurance underwriter. There has been no significant reduction in insurance coverage from the prior year. In addition, there have been no settlements which exceeded the City's insurance coverage for each of the past three fiscal years.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

NOTE 6 - RISK MANAGEMENT *(Continued)*

The Public Risk Management of Florida is a risk pool that assumes the risk of loss for all participating members. The members are subject to additional premium assessments in the event that the risk pool requires additional funding to satisfy all claims. The City has not been assessed any additional insurance premiums during the last three years, nor is the City aware of any contingent assessments.

NOTE 7 - LONG TERM LIABILITIES

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

	Balance 10/1/2013	Additions	Deletions	Balance 9/30/2014	Due in One Year
Governmental Activities:					
Compensated Absences	\$ 549,240	\$ 442,591	\$ (475,685)	\$ 516,146	\$ 220,942
Other Postemployment Benefits	168,581	36,090	-	204,671	-
	<u>\$ 717,821</u>	<u>\$ 478,681</u>	<u>\$ (475,685)</u>	<u>\$ 720,817</u>	<u>\$ 220,942</u>
Business-Type Activities:					
Compensated Absences	\$ 140,029	\$ 117,860	\$ (124,701)	\$ 133,188	\$ 41,413
Capital Lease	220,778	135,915	(45,086)	311,607	71,975
Other Postemployment Benefits	37,407	8,106	-	45,513	-
	<u>\$ 398,214</u>	<u>\$ 261,881</u>	<u>\$ (169,787)</u>	<u>\$ 490,308</u>	<u>\$ 113,388</u>

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

The City entered into a Master Equipment Lease/Purchase agreement with Banc 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
2015	\$ 71,975	\$ 4,970
2016	73,223	3,722
2017	74,492	2,453
2018	63,689	1,113
2019	28,228	338
	<u>\$ 311,607</u>	<u>\$ 12,596</u>

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

NOTE 8 - PENSION PLANS

Pension Plan Financial Statements

CITY OF GULFPORT, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2014

	General Employees' Pension	Police Officers' Pension	Firefighters' Pension	Total
ASSETS				
Cash and Cash Equivalents:				
Short Term Investments	\$ 72,320	\$ -	\$ 139,617	\$ 211,937
Money Market	-	1,483,855	-	1,483,855
Cash	-	(1,307,987)	-	(1,307,987)
Total Cash and Cash Equivalents	72,320	175,868	139,617	387,805
Receivables:				
City Contributions in Transit	148,919	108,549	40,502	297,970
Investment Income	3,210	28,729	2,005	33,944
Due From Government	-	-	24,050	24,050
Total Receivable	152,129	137,278	66,557	355,964
Investments, at Fair Value:				
Corporate Bonds	-	3,160,412	-	3,160,412
Stocks	-	5,137,234	1,132,063	6,269,297
Mutual Funds:				
Equity	8,819,092	-	722,582	9,541,674
Fixed Income	4,804,155	-	1,282,701	6,086,856
Total Investments	13,623,247	8,297,646	3,137,346	25,058,239
Total Assets	13,847,696	8,610,792	3,343,520	25,802,008
LIABILITIES				
Prepaid City Contribution		128,057	25,878	153,935
Accounts Payable	-	1,458	-	1,458
Total Liabilities	-	129,515	25,878	155,393
Net Position Restricted for Pension Benefits				
	\$ 13,847,696	\$ 8,481,277	\$ 3,317,642	\$ 25,646,615

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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, 2014

	General Employees' Pension	Police Officers' Pension	Firefighters' Pension	Total
ADDITIONS				
Contributions				
City	\$ 538,169	\$ 299,591	\$ 108,043	\$ 945,803
Member	73,821	146,999	45,227	266,047
State	-	86,155	97,277	183,432
Total Contributions	611,990	532,745	250,547	1,395,282
Investment Income				
Net Increase in Fair Value of Investments	845,427	603,481	277,611	1,726,519
Interest & Dividends	521,597	258,463	69,587	849,647
Less: Investment Expense ¹	(27,666)	(55,509)	(25,631)	(108,806)
Net Investment Income	1,339,358	806,435	321,567	2,467,360
Total Additions	1,951,348	1,339,180	572,114	3,862,642
DEDUCTIONS				
Distributions to Members:				
Benefit Payments	491,255	474,073	124,928	1,090,256
Lump Sum PLOP Distributions	123,913	-	-	123,913
Refunds of Member Contributions	663	37,259	-	37,922
Total Distributions	615,831	511,332	124,928	1,252,091
Administrative Expense	49,667	31,989	23,059	104,715
Total Deductions	665,498	543,321	147,987	1,356,806
Change in Net Position	1,285,850	795,859	424,127	2,505,836
Net Position - Beginning of Year	12,561,846	7,685,418	2,893,515	23,140,779
Net Position - End of Year	\$ 13,847,696	\$ 8,481,277	\$ 3,317,642	\$ 25,646,615

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2014

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 City Commission 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 actuary 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, 2014

NOTE 8 - PENSION PLANS *(Continued)*

Plan Description *(Continued)*

Plan Membership as of October 1, 2013

	General Employees	Firefighters	Police Officers
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	53	21	18
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	75	9	5
Active Plan Members	61	13	28
Total Members	189	43	51

Benefits Provided

General Employees' Pension Plan:

The Plan 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, 2014

NOTE 8 - PENSION PLANS *(Continued)*

Plan Description *(Continued)*

Benefits Provided (Continued)

Firefighters' Pension Plan:

The Plan 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: 3.16% 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 0.84% 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, 2014

NOTE 8 - PENSION PLANS (Continued)

Plan Description (Continued)

Benefits Provided (Continued)

Police Officers' Pension Plan:

The Plan 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: 2.87% 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. The City contributes the amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. The City Commission has the authority to establish and amend contribution amounts. The City contributed \$538,169 to the General Employee Pension Plan, \$299,591 to the Police Officers' Pension Plan, and \$108,043 to the Firefighters' Pension Plan. For the year ended September 30, 2014 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, 2014

NOTE 8 - PENSION PLANS *(Continued)*

Investments

Investment Policy. The following was the Board's adopted asset allocation policy as of September 30, 2014:

	-----Target Allocation-----		
Asset Class	General Employees	Firefighters	Police Officers
Domestic Equity	-	45%	45%
International Equity	11%	15%	15%
Domestic Fixed Income	-	35%	35%
Global Fixed Income	-	5%	5%
Fixed Income	37%	-	-
Inflation Hedging Strategies	10%	-	-
Domestic Bonds	37%	-	-
Real Estate	5%	-	-
Total	100%	100%	100%

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

Rate of Return. For the year ended September 30, 2014 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

	General Employees	Firefighters	Police Officers
Annual Money-Weighted Rate of Return Net of Investment Expense	10.61%	11.05%	10.23%

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

NOTE 8 - PENSION PLANS *(Continued)*

Net Pension Liability and Actuarial Assumptions

Net Pension Liability of the City. The components of the net pension liability of the City on September 30, 2014 were as follows:

	General Employees	Firefighters	Police Officers
Total Pension Liability	\$12,677,962	\$ 3,956,612	\$ 9,089,782
Plan Fiduciary Net Position	(13,847,696)	(3,317,643)	(8,481,276)
Sponsor's Net Pension Liability	\$ (1,169,734)	\$ 638,969	\$ 608,506
 Plan Fiduciary Net Position as a percentage of Total Pension Liability	 109.23%	 83.85%	 93.31%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

	General Employees	Firefighters	Police Officers
Inflation	3.00%	3.00%	3.00%
Salary Increases	6.00%	5.50%	6.00%
Investment Rate of Return	7.50%	7.75%	7.75%

General Employees' Pension Plan:

RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA (previously static). Disabled lives set forward 5 years.

Firefighters' Pension Plan:

RP 2000 Combined Healthy - Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1990-2009.

Police Officers' Pension Plan:

RP 2000 Combined Healthy - Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1988-2007.

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

NOTE 8 - PENSION PLANS *(Continued)*

Net Pension Liability and Actuarial Assumptions *(Continued)*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

	Long Term Expected Real Rate of Return		
Asset Class	General Employees	Firefighters	Police Officers
Domestic Equity	-	7.5%	7.5%
International Equity	8.5%	8.5%	8.5%
Domestic Fixed Income	-	2.5%	2.5%
Global Fixed Income	-	3.5%	3.5%
Fixed Income	2.5%	-	-
Inflation Hedging Strategies	2.5%	-	-
Domestic Bonds	2.5%	-	-
Real Estate	4.5%	-	-

Discount Rate. 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 discount rate used to measure the total pension liability is reflected below as the current discount rate for respective plan:

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

NOTE 8 - PENSION PLANS *(Continued)*

Net Pension Liability and Actuarial Assumptions *(Continued)*

General Employees' Pension Plan

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sponsor's Net Pension Liability	\$ 321,697	\$ (1,169,734)	\$ (2,440,755)

Firefighters' Pension Plan

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 1,237,577	\$ 638,969	\$ 141,667

Police Pension Plan

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 1,762,275	\$ 608,506	\$ (400,594)

Annual Pension Cost, Net Pension Obligation and Actuarial Assumptions In Accordance with GASB 27 Reporting

The calculation of the Net Pension Obligation (Asset) and annual pension cost is as follows:

	Police Officers' Pension 2014	Police Officers' Pension 2013	Police Officers' Pension 2012
Actuarially Determined Contribution (A)	\$ 496,122	\$ 504,249	\$ 420,566
Interest on NPO	(3,649)	(3,717)	(3,819)
Adjustment to (A)	4,205	4,566	5,089
Annual Pension Cost	496,678	505,098	421,836
Contributions Made	496,122	504,249	420,566
Increase in NPO	556	849	1,270
NPO (Asset) Beginning of Year	(45,613)	(46,462)	(47,732)
NPO (Asset) End of Year	\$ (45,057)	\$ (45,613)	\$ (46,462)

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

NOTE 8 - PENSION PLANS *(Continued)*

Annual Pension Cost, Net Pension Obligation and Actuarial Assumptions In Accordance with GASB 27 Reporting *(Continued)*

	General Employees' Pension 2014
Actuarially Determined Contribution (A)	\$ 571,435
Interest on NPO	(188)
Adjustment to (A)	(2,170)
Annual Pension Cost	569,077
Contributions Made	538,169
Increase in NPO	30,908
NPO Beginning of Year	-
NPO End of Year	\$ 30,908

Three Year Trend Information for the City's pension plans is as follows:

General Employees' Pension Plan

		Percentage of Annual	
Fiscal Year Ended	Annual Pension Cost	Pension Cost Contributed	Net Pension Obligation
9/30/2014	\$ 571,578	94%	\$ 30,908
9/30/2013	477,445	100%	-
9/30/2012	417,423	100%	-

Police Officers' Pension Plan

		Percentage of Annual	
Fiscal Year Ended	Annual Pension Cost	Pension Cost Contributed	Net Pension Obligation (Asset)
09/30/2014	\$ 496,678	100%	\$ (45,057)
09/30/2013	505,098	100%	(45,613)
09/30/2012	421,836	100%	(46,462)

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (Continued)

Year Ended September 30, 2014

NOTE 8 - PENSION PLANS (Continued)

Annual Pension Cost, Net Pension Obligation and Actuarial Assumptions In Accordance with GASB 27 Reporting (Continued)

Three Year Trend Information (Continued)

Fiscal Year Ended	Firefighters' Pension Plan		
	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
09/30/2014	\$ 230,629	100%	\$ -
09/30/2013	220,537	100%	-
09/30/2012	176,164	100%	-

Actuarial Methods and Significant Assumptions for the City's pension plans are as follows:

	General Employees' Pension	Police Officers' Pension	Firefighters' Pension
Actuarial Valuation Date	10/1/2012	10/1/2012	10/1/2012
Actuarial Cost Method	Entry Age Normal	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
	Closed	Closed	Closed
Remaining Amortization Period	29 Years	30 Years	30 Years
Asset Valuation Method	4-Yr Smooth Market	4-Yr Smooth Market	4-Yr Smooth Market
Actuarial Assumptions:			
Investment Rate of Return	7.50%	8.00%	8.00%
Projected Salary Increase	6.00%	7.00%	5.50%
Inflation Rate	0.00%	3.00%	3.00%
Post Retirement COLA	0.00%	0.00%	0.76%

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS (*Continued*)

Year Ended September 30, 2014

NOTE 9 - DEFINED CONTRIBUTION PLAN

In fiscal year 2000, the City Council approved Resolution 2000-90, which established a 401(a) Money Purchase Defined Contribution retirement plan for the Department Directors and City Clerk. The plan was effective October 1, 1999 with International City Management Association (“ICMA”) serving as the plan administrator. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City has the authority to establish and amend provisions of the plan. The plan does not require contributions from the members. The City contributes 12% of the annual compensation of participating employees. The City Council has the authority to establish and amend contributions under the plan. For fiscal year 2014, the City contributed approximately \$59,004. Contributions made by the City were equal to the required contributions.

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 \$521,478 at October 1, 2013. 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, 2014

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. Retiree’s are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees actually have higher costs, it means that the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active employees. GASB No.45 calls this the “implicit rate subsidy”.

Retirees and their dependents are permitted to remain covered under the City’s respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. This conforms to the minimum required of Florida governmental employers per Ch. 112.08, F.S. The OPEB Plan does not issue a stand-alone report.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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

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

	FY14 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	9,270
Adjustment to ARC	(12,103)
Annual OPEB Cost (Expense)	70,376
Estimated Employer Contributions Made	(26,180)
Increase/(Decrease) in Net OPEB Obligation	44,196
Net OPEB Obligation at Beginning of Year	205,988
Net OPEB Obligation at End of Year	\$ 250,184

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
9/30/2014	\$ 70,376	\$ 26,180	37.20%	\$ 250,184
9/30/2013	70,993	26,180	36.88%	205,988
9/30/2012	73,445	29,445	40.09%	161,175

Funded Status and Funding Progress

As of October 1, 2013, the OPEB Plan was unfunded and the AAL for benefits is \$521,478. Assets of the OPEB Plan are valued at market; however, the current value is \$0, resulting in an unfunded AAL (UAAL) of \$521,478 (0% funded ratio). The covered payroll is \$5,414,100 and the ratio of the UAAL to covered payroll is 9.6%. 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, 2014

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, 2014 was 25 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 \$2,700,316 for these services.

Encumbrances

The General Fund had no outstanding encumbrances at September 30, 2014. The Marina Fund and the Water and Sewer Fund had outstanding encumbrances of \$3,335 and \$18,722 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, 2014

NOTE 12 - COMMITMENTS *(Continued)*

Litigation

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

NOTE 13 - FUND DEFICIT

The 49th Street Redevelopment District has an ending fund deficit of \$40,916 at September 30, 2014. The deficit will be funded by future transfers from the General Fund.

NOTE 14 - COMMUNITY REDEVELOPMENT AGENCY ("CRA")

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

CITY OF GULFPORT, FLORIDA
GOVERNMENTAL BALANCE SHEET
COMMUNITY REDEVELOPMENT AGENCY
September 30, 2014

	49th Street Redevelopment District	Waterfront Redevelopment District
ASSETS		
Cash and Cash Equivalents	\$ 8,384	\$ 202,696
Accounts Receivable (net)	-	4,169
Prepaid Items	-	838
Total Assets	\$ 8,384	\$ 207,703
LIABILITIES		
Accounts Payable	\$ 76	\$ 526
Accrued Liabilities	1,261	43
Due to Other Funds	47,963	-
Total Liabilities	49,300	569
FUND BALANCES		
Nonspendable Prepaid Items	-	838
Restricted for Waterfront Redevelopment	-	158,730
Assigned for Waterfront Redevelopment	-	47,566
Unassigned (Deficit)	(40,916)	-
Total Fund Balances	(40,916)	207,134
Total Liabilities and Fund Balances	\$ 8,384	\$ 207,703

CITY OF GULFPORT, FLORIDA

NOTES TO FINANCIAL STATEMENTS *(Continued)*

Year Ended September 30, 2014

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, 2014

	49th Street Redevelopment District	Waterfront Redevelopment District
REVENUES		
Taxes	\$ -	\$ 180,316
Charges for Services	-	-
Miscellaneous Revenues	-	851
Total Revenues	-	181,167
EXPENDITURES		
Current:		
Community Development/Redevelopment	64,442	52,013
Total Expenditures	64,442	52,013
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	(64,442)	129,154
OTHER FINANCING SOURCES AND (USES)		
Transfers In	18,548	-
Transfers (Out)	-	-
Total Other Financing Sources and (Uses)	18,548	-
Net Change in Fund Balances	(45,894)	129,154
Fund Balances - Beginning	4,978	77,980
Fund Balances (Deficit) - Ending	\$ (40,916)	\$ 207,134

NOTE 15- SUBSEQUENT EVENT

The City entered into an agreement with the Florida Department of Environmental Protection for a loan of \$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. Revenues are pledged with gross water & sewer revenues less operating and maintenance expenses and payment of obligations on account of "senior revenue obligations". The SRF loan requires semi-annual payments of \$48,608 beginning November 15, 2017.

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
 - Police Officers' Trust Fund
 - Firefighters' Retirement Pension Fund
 - General Employees Pension Plan
- Schedules of Contributions
 - 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 5,221,846	\$ 5,221,846	\$ 5,027,126	\$ (194,720)
Permits and Fees	254,078	254,078	251,228	(2,850)
Intergovernmental Revenues	1,694,305	1,694,305	1,728,162	33,857
Charges for Services	1,876,138	1,876,138	1,871,045	(5,093)
Fines and Forfeitures	336,625	336,625	324,436	(12,189)
Investment Income	20,000	20,000	35,552	15,552
Miscellaneous Revenues	323,744	370,735	332,279	(38,456)
Total Revenues	<u>9,726,736</u>	<u>9,773,727</u>	<u>9,569,828</u>	<u>(203,899)</u>
EXPENDITURES				
General Government				
Legislative	295,228	295,228	292,028	(3,200)
Legal	87,500	87,500	86,852	(648)
Executive	328,733	353,601	303,691	(49,910)
Financial	443,655	443,655	400,663	(42,992)
Human Resources	119,019	119,019	114,752	(4,267)
Information Technology	144,995	144,995	189,293	44,298
Total	<u>1,419,130</u>	<u>1,443,998</u>	<u>1,387,279</u>	<u>(56,719)</u>
Public Safety				
Fire	1,461,763	1,461,763	1,266,100	(195,663)
Police	3,711,184	3,711,184	3,459,115	(252,069)
Total	<u>5,172,947</u>	<u>5,172,947</u>	<u>4,725,215</u>	<u>(447,732)</u>
Recreation				
Library	581,501	581,501	574,481	(7,020)
Office of Director	58,473	58,473	65,235	6,762
Elderly Mobility Service	175,471	175,471	95,967	(79,504)
Recreation Center	496,043	496,043	509,707	13,664
Casino	347,316	347,316	368,972	21,656
Theater	171,567	171,567	147,640	(23,927)
Parks	676,338	677,957	620,581	(57,376)
Senior Center	190,122	190,122	181,353	(8,769)
Total	<u>2,696,831</u>	<u>2,698,450</u>	<u>2,563,936</u>	<u>(134,514)</u>
Community Development				
Planning & Development	298,254	298,254	270,091	(28,163)
Building Inspections	319,805	319,805	312,522	(7,283)
Total	<u>618,059</u>	<u>618,059</u>	<u>582,613</u>	<u>(35,446)</u>

Continued

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE - Continued
GENERAL FUND
For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Works				
Building Maintenance	\$ 249,466	\$ 249,466	\$ 240,718	\$ (8,748)
Central Garage	627,532	648,036	622,718	(25,318)
Office of Director	129,438	129,438	121,823	(7,615)
Streets	<u>512,692</u>	<u>512,692</u>	<u>411,409</u>	<u>(101,283)</u>
Total	<u>1,519,128</u>	<u>1,539,632</u>	<u>1,396,668</u>	<u>(142,964)</u>
Total Expenditures	<u>11,426,095</u>	<u>11,473,086</u>	<u>10,655,711</u>	<u>(817,375)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,699,359)</u>	<u>(1,699,359)</u>	<u>(1,085,883)</u>	<u>613,476</u>
OTHER FINANCING SOURCES AND (USES)				
Issuance of Capital Lease	55,000	55,000	-	(55,000)
Transfers In	1,648,632	1,648,632	1,648,632	-
Transfers (Out)	<u>(880,000)</u>	<u>(880,000)</u>	<u>(1,442,749)</u>	<u>(562,749)</u>
Total Other Financing Sources and (Uses)	<u>823,632</u>	<u>823,632</u>	<u>205,883</u>	<u>(617,749)</u>
Net Change in Fund Balance	(875,727)	(875,727)	(880,000)	(4,273)
Fund Balance - Beginning	<u>875,727</u>	<u>875,727</u>	<u>4,317,804</u>	<u>3,442,077</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,437,804</u>	<u>\$ 3,437,804</u>

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

	9/30/2014
Total Pension Liability	
Service Cost	\$ 334,035
Interest	672,178
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	20,404
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(511,332)
Net Change in Total Pension Liability	515,285
Total Pension Liability- Beginning	8,574,496
Total Pension Liability- Ending (a)	\$ 9,089,781
Plan Fiduciary Net Position	
Contributions - Employer	\$ 409,967
Contributions - State	86,155
Contributions - Employee	146,999
Net Investment Income	781,414
Benefit Payments, Including Refunds of Employee Contributions	(511,332)
Administrative Expense	(32,563)
Other	-
Net Change in Plan Fiduciary Net Position	880,640
Plan Fiduciary Net Position - Beginning	7,600,636
Plan Fiduciary Net Position- Ending (b)	\$ 8,481,276
Net Pension Liability- Ending (a) - (b)	\$ 608,505
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.31%
Covered Employee Payroll	\$ 1,837,490
Net Pension Liability as a Percentage of covered Employee Payroll	33.12%

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

		9/30/2014
Total Pension Liability		
Service Cost	\$	146,050
Interest		285,042
Change in Excess State Money		12,377
Share Plan Allocation		-
Changes of Benefit Terms		25,161
Differences Between Expected and Actual Experience		-
Changes of Assumptions		158,627
Benefit Payments, Including Refunds of Employee Contributions		(124,928)
Net Change in Total Pension Liability		502,329
Total Pension Liability- Beginning		3,454,283
Total Pension Liability- Ending (a)	\$	3,956,612
Plan Fiduciary Net Position		
Contributions - Employer	\$	119,241
Contributions - State		123,764
Contributions - Employee		47,067
Net Investment Income		316,924
Benefit Payments, Including Refunds of Employee Contributions		(124,928)
Administrative Expense		(23,058)
Other		-
Net Change in Plan Fiduciary Net Position		459,010
Plan Fiduciary Net Position - Beginning		2,858,633
Plan Fiduciary Net Position- Ending (b)	\$	3,317,643
Net Pension Liability- Ending (a) - (b)	\$	638,969
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.85%
Covered Employee Payroll	\$	941,341
Net Pension Liability as a Percentage of covered Employee Payroll		67.88%

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

	9/30/2014
Total Pension Liability	
Service Cost	\$ 255,660
Interest	905,991
Change in Excess State Money	-
Share Plan Allocation	-
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(615,831)
Net Change in Total Pension Liability	545,820
Total Pension Liability- Beginning	12,132,142
Total Pension Liability- Ending (a)	\$ 12,677,962
Plan Fiduciary Net Position	
Contributions - Employer	\$ 538,169
Contributions - State	-
Contributions - Employee	73,822
Net Investment Income	1,325,707
Benefit Payments, Including Refunds of Employee Contributions	(615,831)
Administrative Expense	(49,667)
Other	-
Net Change in Plan Fiduciary Net Position	1,272,200
Plan Fiduciary Net Position - Beginning	12,575,497
Plan Fiduciary Net Position- Ending (b)	\$ 13,847,697
Net Pension Liability- Ending (a) - (b)	\$ (1,169,735)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	109.23%
Covered Employee Payroll	\$ 2,734,138
Net Pension Liability as a Percentage of covered Employee Payroll	-(42.78%)

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

	9/30/2014
Actuarially Determined Contribution	\$ 496,122
Contributions in Relation to the	
Actuarially Determined Contributions	496,122
Contribution Deficiency (Excess)	\$ -
Covered Employee Payroll	\$ 1,837,490
Contribution Deficiency (Excess)	
Covered Employee Payroll	27.00%

Notes to Schedule

Valuation Date: 10/1/2012 (AIS 10/21/2014)

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 10/01/2012).
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:	7.0% per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation.

Interest Rate:	8% per year compounded annually, net of investment related expenses.
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Payroll Increases:	3% per year.
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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.

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

Other Information: Termination and Disability Rate Table.

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	9.3%	0.03%
30	7.9%	0.04%
40	4.3%	0.07%
50	1.1%	0.18%

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

	9/30/2014
Actuarially Determined Contribution	\$ 230,628
Contributions in Relation to the	
Actuarially Determined Contributions	230,628
Contribution Deficiency (Excess)	\$ -
Covered Employee Payroll	\$ 941,341
Contribution Deficiency (Excess)	
Covered Employee Payroll	24.50%

Notes to Schedule

Valuation Date: 10/1/2012 (AIS 10/21/2014)
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 10/01/2012).
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:	5.5% per year until the assumed retirement age.
Interest Rate:	8% per year compounded annually, net of investment related expenses.
Payroll Growth:	3% per year.
Cost-of-Living (COLA):	0.76% automatic increases from age 55 to 65 for all retirees and beneficiaries.

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

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.

Mortality: RP 2000 Combined Healthy Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Other Information: Termination and Disability Rate Table.

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.0%	0.03%
30	10.0%	0.04%
40	5.2%	0.07%
50	1.6%	0.18%

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

	9/30/2014
Actuarially Determined Contribution	\$ 571,435
Contributions in Relation to the Actuarially Determined Contributions	571,435
Contribution Deficiency (Excess)	\$ -
Covered Employee Payroll	\$ 2,734,138
Contribution Deficiency (Excess)	
Covered Employee Payroll	20.90%

Notes to Schedule

Valuation Date: 10/1/2012
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:	29 Years (as of 10/01/2012).
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:	N/A.
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.
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Payroll Increase (For UAL Amortization):	Up to 3.0% (0.6% for 2012 val).
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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.
 Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using (previously static). Disabled lives set forward 5 years.
 Other Information: Termination and Disability Rate Table.

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.9%	0.0%
30	9.3%	0.0%
40	7.8%	0.0%
50	4.9%	0.0%

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
2014	10.61%	11.05%	10.23%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
10/1/12 (1)	\$ -	\$ 521,478	\$ 521,478	0.0%	\$ 5,414,100	9.6%
10/01/12	-	554,026	554,026	0.0%	5,256,408	10.5%
10/1/10 (1)	-	491,176	491,176	0.0%	6,154,798	8.0%
10/01/10	-	514,511	514,511	0.0%	5,975,532	8.6%
10/1/08 (1)	-	332,062	332,062	0.0%	6,357,373	5.2%

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

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

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

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed
9/30/2014	\$ 73,209	\$ 26,180	35.76%
9/30/2013	73,209	26,180	35.76%
9/30/2012	71,929	29,445	40.94%
9/30/2011	71,929	29,445	40.94%
9/30/2010	56,755	19,938	35.13%

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

Other Supplementary Information

This financial statement section provides the following schedules:

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

Budgetary comparison schedules for

Major Fund

- Capital Projects Fund

Nonmajor Funds

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

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CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Budget - Over (Under)
REVENUES			
Taxes	\$ 1,052,000	\$ 1,010,407	\$ (41,593)
Permits and Fees	-	3,588	3,588
Miscellaneous Revenues	-	70	70
Total Revenues	<u>1,052,000</u>	<u>1,014,065</u>	<u>(37,935)</u>
EXPENDITURES			
General Government			
Capital Outlay	50,000	-	(50,000)
Public Safety			
Capital Outlay	217,650	236,828	19,178
Public Works			
Capital Outlay	260,000	45,108	(214,892)
Recreation			
Capital Outlay	562,500	326,705	(235,795)
Total Expenditures	<u>1,090,150</u>	<u>608,641</u>	<u>(481,509)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,150)</u>	<u>405,424</u>	<u>443,574</u>
OTHER FINANCING (USES)			
Transfers (Out)	(565,000)	(565,000)	-
Total Other Financing (Uses)	<u>(565,000)</u>	<u>(565,000)</u>	<u>-</u>
Net Change in Fund Balance	(603,150)	(159,576)	443,574
Fund Balance - Beginning	<u>603,150</u>	<u>536,985</u>	<u>(66,165)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 377,409</u>	<u>\$ 377,409</u>

CITY OF GULFPORT, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2014

	49th Street Redevelopment District	Library Fund	Law Enforcement Trust	Waterfront Redevelopment District	Nonmajor Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	\$ 8,384	\$ 62,586	\$ 66,937	\$ 202,696	\$ 340,603
Accounts Receivable (net)	-	-	11,842	4,169	16,011
Prepaid Items	-	-	-	838	838
Total Assets	<u>\$ 8,384</u>	<u>\$ 62,586</u>	<u>\$ 78,779</u>	<u>\$ 207,703</u>	<u>\$ 357,452</u>
LIABILITIES					
Accounts Payable	\$ 76	\$ -	\$ -	\$ 526	\$ 602
Accrued Liabilities	1,261	-	-	43	1,304
Due to Other Funds	47,963	-	-	-	47,963
Total Liabilities	<u>49,300</u>	<u>-</u>	<u>-</u>	<u>569</u>	<u>49,869</u>
FUND BALANCES					
Nonspendable Prepaid Items	-	-	-	838	838
Restricted for Library	-	62,586	-	-	62,586
Restricted for Public Safety	-	-	78,779	-	78,779
Restricted for Waterfront					
Redevelopment	-	-	-	158,730	158,730
Assigned for Waterfront					
Redevelopment				47,566	47,566
Unassigned (Deficit)	(40,916)	-	-	-	(40,916)
Total Fund Balances (Defici	<u>(40,916)</u>	<u>62,586</u>	<u>78,779</u>	<u>207,134</u>	<u>307,583</u>
Total Liabilities and Fund Balance	<u>\$ 8,384</u>	<u>\$ 62,586</u>	<u>\$ 78,779</u>	<u>\$ 207,703</u>	<u>\$ 357,452</u>

CITY OF GULFPORT, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2014

	49th Street Redevelopment District	Library Fund	Law Enforcement Trust	Waterfront Redevelopment District	Nonmajor Special Revenue Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 180,316	\$ 180,316
Fines and Forfeitures	-	-	18,318	-	18,318
Miscellaneous Revenues	-	-	-	851	851
Total Revenues	<u>-</u>	<u>-</u>	<u>18,318</u>	<u>181,167</u>	<u>199,485</u>
EXPENDITURES					
Current:					
Public Safety	-	-	42,837	-	42,837
Recreation	-	197	-	-	197
Community Development/ Redevelopment	<u>64,442</u>	<u>-</u>	<u>-</u>	<u>52,013</u>	<u>116,455</u>
Total Expenditures	<u>64,442</u>	<u>197</u>	<u>42,837</u>	<u>52,013</u>	<u>159,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,442)</u>	<u>(197)</u>	<u>(24,519)</u>	<u>129,154</u>	<u>39,996</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers In	18,548	-	34,501	-	53,049
Transfers (Out)	<u>-</u>	<u>-</u>	<u>(13,098)</u>	<u>-</u>	<u>(13,098)</u>
Total Other Financing Sources And (Uses)	<u>18,548</u>	<u>-</u>	<u>21,403</u>	<u>-</u>	<u>39,951</u>
Net Change in Fund Balances	(45,894)	(197)	(3,116)	129,154	79,947
Fund Balances - Beginning	<u>4,978</u>	<u>62,783</u>	<u>81,895</u>	<u>77,980</u>	<u>227,636</u>
Fund Balances (Deficit) - Ending	<u>\$ (40,916)</u>	<u>\$ 62,586</u>	<u>\$ 78,779</u>	<u>\$ 207,134</u>	<u>\$ 307,583</u>

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
49TH STREET REDEVELOPMENT DISTRICT
For the Year Ended September 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Budget - Over (Under)
REVENUES			
Intergovernmental Revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Community Development/Redevelopment			
Personal Services	64,574	63,545	(1,029)
Operating	1,195	897	(298)
Total Expenditures	<u>65,769</u>	<u>64,442</u>	<u>(1,327)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(65,769)</u>	<u>(64,442)</u>	<u>1,327</u>
OTHER FINANCING SOURCES			
Transfers In	-	18,548	18,548
Total Other Financing Sources	<u>-</u>	<u>18,548</u>	<u>18,548</u>
Net Change in Fund Balance	(65,769)	(45,894)	19,875
Fund Balance - Beginning	<u>65,769</u>	<u>4,978</u>	<u>(60,791)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ (40,916)</u>	<u>\$ (40,916)</u>

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT TRUST
For the Year Ended September 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Fines and Forfeitures	\$ 28,000	\$ 18,318	\$ (9,682)
Total Revenues	<u>28,000</u>	<u>18,318</u>	<u>(9,682)</u>
EXPENDITURES			
Public Safety			
Operating	30,000	12,837	(17,163)
Capital Outlay	<u>32,000</u>	<u>30,000</u>	<u>(2,000)</u>
Total Expenditures	<u>62,000</u>	<u>42,837</u>	<u>(19,163)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(34,000)</u>	<u>(24,519)</u>	<u>9,481</u>
OTHER FINANCING (USES)			
Transfers In	-	34,501	34,501
Transfers (Out)	<u>-</u>	<u>(13,098)</u>	<u>(13,098)</u>
Total Other Financing (Uses)	<u>-</u>	<u>21,403</u>	<u>21,403</u>
Net Change in Fund Balance	(34,000)	(3,116)	30,884
Fund Balance - Beginning	<u>34,000</u>	<u>81,895</u>	<u>47,895</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 78,779</u>	<u>\$ 78,779</u>

CITY OF GULFPORT, FLORIDA
BUDGETARY COMPARISON SCHEDULE
WATERFRONT REDEVELOPMENT DISTRICT
For the Year Ended September 30, 2014

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Budget - Over (Under)
REVENUES			
Taxes	\$ 187,404	\$ 180,316	\$ (7,088)
Miscellaneous Revenues	-	851	851
Total Revenues	<u>187,404</u>	<u>181,167</u>	<u>(6,237)</u>
EXPENDITURES			
Community Development/Redevelopment			
Operating	93,596	52,013	(41,583)
Capital Outlay	22,000	-	(22,000)
Total Expenditures	<u>115,596</u>	<u>52,013</u>	<u>(63,583)</u>
Excess of Revenues Over Expenditures	<u>71,808</u>	<u>129,154</u>	<u>57,346</u>
Net Change in Fund Balance	71,808	129,154	57,346
Fund Balance - Beginning	<u>(71,808)</u>	<u>77,980</u>	<u>149,788</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 207,134</u>	<u>\$ 207,134</u>

Statistical Section

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City of Gulfport, Florida
Statistical Section
September 30, 2014

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, 2014, 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.

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Schedule 1
City of Gulfport, Florida

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

Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Governmental activities</u>										
Net investment										
in capital assets	\$ 11,678	\$ 11,484	\$ 11,421	\$ 13,553	\$ 13,268	\$ 13,040	\$ 12,736	\$ 13,111	\$ 12,797	\$ 12,450
Restricted	312	812	658	410	631	316	775	606	752	690
Unrestricted	5,347	4,622	4,245	4,488	4,658	4,047	3,728	3,820	3,658	2,744
Total governmental activities net position	<u>\$ 17,337</u>	<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>Business-type activities</u>										
Net investment										
in capital assets	\$ 11,324	\$ 11,780	\$ 12,731	\$ 12,150	\$ 12,881	\$ 13,588	\$ 13,186	\$ 12,292	\$ 11,795	\$ 11,356
Restricted	138	157	157	157	162	164	168	169	169	516
Unrestricted (Deficit)	1,805	2,830	3,235	2,696	1,529	881	131	226	(32)	622
Total business-type activities net position	<u>\$ 13,267</u>	<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>Primary government</u>										
Net investment										
in capital assets	\$ 23,002	\$ 23,264	\$ 24,152	\$ 25,703	\$ 26,149	\$ 26,628	\$ 25,922	\$ 25,403	\$ 24,592	\$ 23,806
Restricted	450	969	815	567	793	480	943	775	921	1,206
Unrestricted	7,152	7,452	7,480	7,184	6,187	4,928	3,859	4,046	3,626	3,366
Total primary government, net position	<u>\$ 30,604</u>	<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>

Schedule 2 - Continued
City of Gulfport, Florida

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General Government	\$ 1,409	\$ 1,617	\$ 1,728	\$ 1,408	\$ 1,465	\$ 1,533	\$ 1,510	\$ 1,303	\$ 1,421	\$ 1,451
Public Safety	4,491	4,709	4,992	4,787	4,452	4,549	4,854	4,877	5,042	4,984
Recreation	2,326	2,420	2,308	2,896	3,077	3,297	2,756	2,487	2,726	2,808
Community Development - Redevelopment	715	822	779	832	1,002	923	850	787	852	886
Public Works	1,319	1,360	1,423	1,509	1,439	1,208	1,535	1,552	1,501	1,659
Total governmental activities expenses	\$ 10,260	\$ 10,928	\$ 11,230	\$ 11,432	\$ 11,435	\$ 11,510	\$ 11,505	\$ 11,006	\$ 11,542	\$ 11,788
Business-type activities:										
Sanitation	\$ 1,640	\$ 1,697	\$ 1,711	\$ 1,715	\$ 1,823	\$ 1,741	\$ 1,629	\$ 1,733	\$ 1,837	\$ 1,984
Water and Sewer	3,218	3,366	3,663	3,718	3,987	4,359	4,184	4,324	4,528	4,684
Cultural Activities	439	505	563	-	-	-	-	-	-	-
Marina	1,043	1,123	1,207	1,388	1,212	1,262	1,500	1,460	1,447	1,610
Total business-type activities expenses	6,340	6,691	7,144	6,821	7,022	7,362	7,313	7,517	7,812	8,278
Total primary government expenses	\$ 16,600	\$ 17,619	\$ 18,374	\$ 18,253	\$ 18,457	\$ 18,872	\$ 18,818	\$ 18,523	\$ 19,354	\$ 20,066
Program revenues										
Governmental activities:										
Charges for services -										
General Government	\$ 478	\$ 780	\$ 839	\$ 870	\$ 832	\$ 793	\$ 775	\$ 802	\$ 850	\$ 980
Public Safety	475	332	223	340	279	289	879	980	1,078	1,026
Recreation	188	206	195	510	584	570	513	546	635	702
Public Works	268	208	496	237	384	305	363	240	333	329
Operating Grants and Contributions	806	823	1,002	822	1,005	682	316	219	191	255
Capital Grants and Contributions	70	72	16	499	108	140	169	108	90	4
Total governmental activities program revenues	\$ 2,285	\$ 2,421	\$ 2,771	\$ 3,278	\$ 3,192	\$ 2,779	\$ 3,015	\$ 2,895	\$ 3,177	\$ 3,296
Business-type activities:										
Charges for Services										
Sanitation	\$ 1,770	\$ 1,816	\$ 1,811	\$ 1,736	\$ 1,723	\$ 1,772	\$ 1,801	\$ 2,017	\$ 2,030	\$ 2,035
Water and Sewer	3,592	3,847	3,932	3,605	3,725	3,830	3,829	4,313	4,253	4,720
Cultural Activities	284	370	385	-	-	-	-	-	-	-
Marina	1,279	1,351	1,419	1,742	1,462	1,564	1,650	1,556	1,541	1,760
Operating Grants and Contributions	7	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	3	-	-	412	211	2	4	1	-	6
Total business-type activities program revenues	\$6,935	\$7,384	\$7,547	\$7,495	\$7,121	\$7,168	\$7,284	\$7,887	\$7,824	\$8,521
Total primary government program revenues	\$9,220	\$9,805	\$10,318	\$10,773	\$10,313	\$9,947	\$10,299	\$10,782	\$11,001	\$11,817
Net (Expense) Revenue										
Governmental activities	\$ (7,974)	\$ (8,508)	\$ (8,458)	\$ (8,153)	\$ (8,243)	\$ (8,731)	\$ (8,489)	\$ (8,111)	\$ (8,364)	\$ (8,492)
Business-type activities	594	693	402	673	99	(194)	(29)	371	11	243
Total primary government net (expense)	\$ (7,380)	\$ (7,815)	\$ (8,056)	\$ (7,480)	\$ (8,144)	\$ (8,925)	\$ (8,518)	\$ (7,740)	\$ (8,353)	\$ (8,249)

Continued next page

Schedule 2
City of Gulfport, Florida

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Ad Valorem	\$ 2,731	\$ 3,273	\$ 3,557	\$ 3,450	\$ 3,171	\$ 2,828	\$ 2,528	\$ 2,648	\$ 2,633	\$ 2,661
Franchise Fees	631	731	705	720	773	858	784	738	703	740
Utility Taxes	912	971	959	961	991	1,131	1,078	1,027	1,050	1,141
Communication Service Tax	560	555	576	553	605	551	526	520	503	454
Sales Tax - Infrastructure	1,141	1,316	1,202	1,134	1,047	952	917	970	1,022	1,010
Half-cent Sales Tax	713	754	723	684	619	611	624	631	658	692
Local Option Gas Tax	118	126	113	166	166	165	163	163	165	155
Tranportation Impact Fees	10	22	16	-	-	-	-	-	-	-
Other Taxes	114	123	34	17	66	69	65	62	69	78
State Revenue Sharing	428	456	413	355	249	349	351	353	360	372
Investment Income	148	287	367	186	35	25	16	20	5	36
Miscellaneous	315	190	262	194	96	138	152	105	98	148
Gain/(Loss) on Sale of Capital Assets	-	-	(255)	-	-	-	-	-	-	-
Transfers	(989)	(715)	(808)	1,860	531	(100)	1,122	1,172	767	(319)
Total governmental activities	\$ 6,832	\$ 8,089	\$ 7,864	\$ 10,280	\$ 8,349	\$ 7,577	\$ 8,326	\$ 8,409	\$ 8,033	\$ 7,168
Business-type activities:										
Investment Income (loss)	\$ 35	\$ 91	\$ 147	\$ 67	\$ -	\$ 6	\$ 2	\$ 4	\$ 1	\$ (1)
Gain on Sale of Capital Assets	53	-	-	-	-	-	-	-	-	-
Transfers	989	715	808	(1,860)	(531)	100	(1,122)	(1,172)	(767)	319
Total business-type activities	1,077	806	955	(1,793)	(531)	106	(1,120)	(1,168)	(766)	318
Total primary government	\$ 7,909	\$ 8,895	\$ 8,819	\$ 8,487	\$ 7,818	\$ 7,683	\$ 7,206	\$ 7,241	\$ 7,267	\$ 7,486
Change in Net Position										
Governmental activities	\$ (1,142)	\$ (419)	\$ (595)	\$ 2,127	\$ 106	\$ (1,155)	\$ (163)	\$ 298	\$ (330)	\$ (1,323)
Business-type activities	1,672	1,499	1,357	(1,120)	(432)	(88)	(1,149)	(798)	(754)	561
Total primary government	\$ 530	\$ 1,080	\$ 762	\$ 1,007	\$ (326)	\$ (1,243)	\$ (1,312)	\$ (500)	\$ (1,084)	\$ (762)

**Schedule 3
City of Gulfport, Florida**

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>General Fund</u>										
Reserved	\$ 2,732	\$ 2,337	\$ 2,575	\$ 3,155	\$ 2,902	\$ 2,946				
Unreserved	2,712	2,362	1,720	1,279	2,231	1,695				
Nonspendable							\$ 38	\$ 33	\$ 40	\$ 178
Restricted							-	130	35	12
Committed							9	53	-	-
Assigned							-	-	26	-
Unassigned							4,278	4,347	4,216	3,248
Total General Fund	\$ 5,444	\$ 4,699	\$ 4,295	\$ 4,434	\$ 5,133	\$ 4,641	\$ 4,325	\$ 4,563	\$ 4,317	\$ 3,438
<u>All other governmental funds</u>										
Reserved	\$ 128	\$ 463	\$ 403	\$ 413	\$ 175	\$ 211				
Unreserved (Deficit)										
Reported in:										
Special Revenue Funds	(85)	218	320	456	387	10				
Capital Projects Fund	499	440	353	89	-	31				
Restricted							\$ 758	\$ 458	\$ 718	\$ 678
Assigned							37	25	47	48
Unassigned (Deficit)							(40)	-	-	(41)
Total All Other Governmental Funds	\$ 542	\$ 1,121	\$ 1,076	\$ 958	\$ 562	\$ 252	\$ 755	\$ 483	\$ 765	\$ 685

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 5,976	\$ 6,845	\$ 7,015	\$ 6,807	\$ 6,030	\$ 5,679	\$ 5,256	\$ 6,065	\$ 6,077	\$ 6,217
Permits and fees	243	306	204	285	911	1,003	908	180	291	255
Intergovernmental revenues	2,227	2,355	2,300	2,554	1,891	1,834	1,857	1,649	1,697	1,728
Impact fees	10	22	-	-	-	-	-	-	-	-
Charges for services	1,081	1,144	1,469	1,588	1,582	1,561	1,574	1,528	1,720	1,871
Fines and forfeitures	85	75	81	86	112	108	275	362	410	343
Earnings on investments	149	287	367	186	35	24	16	20	5	36
Miscellaneous revenues	337	142	262	194	369	309	334	265	263	333
Total revenues	\$ 10,108	\$ 11,176	\$ 11,698	\$ 11,700	\$ 10,930	\$ 10,518	\$ 10,220	\$ 10,069	\$ 10,463	\$ 10,783
Expenditures										
General government	\$ 1,382	\$ 1,497	\$ 1,618	\$ 1,370	\$ 1,305	\$ 1,356	\$ 1,331	\$ 1,255	\$ 1,353	\$ 1,387
Public safety	4,466	4,829	4,877	4,772	4,326	4,383	4,745	4,736	4,863	4,768
Public services	1,255	1,311	1,402	1,373	1,257	1,311	-	-	-	-
Culture and recreation	2,229	2,247	2,406	2,946	2,818	-	-	-	-	-
Recreation	-	-	-	-	-	2,786	2,649	2,226	2,473	2,564
Community development/ Redevelopment	741	743	1,036	1,149	1,452	1,384	612	571	635	699
Public works	-	-	-	-	-	-	1,350	1,329	1,343	1,397
Capital outlay	-	-	-	-	-	-	465	1,160	527	609
Total expenditures	\$ 10,073	\$ 10,627	\$ 11,339	\$ 11,610	\$ 11,158	\$ 11,220	\$ 11,152	\$ 11,277	\$ 11,194	\$ 11,424
Excess of revenues over (under) expenditures	\$ 35	\$ 549	\$ 359	\$ 90	\$ (228)	\$ (702)	\$ (932)	\$ (1,208)	\$ (731)	\$ (641)
Other financing sources (uses)										
Transfers in	\$ 629	\$ 877	\$ 560	\$ 1,293	\$ 1,561	\$ 1,427	\$ 1,177	\$ 1,432	\$ 1,157	\$ 1,702
Transfers out	(1,652)	(1,592)	(1,368)	(1,360)	(1,030)	(1,527)	(55)	(260)	(390)	(2,021)
Total other financing sources (uses)	\$ (1,023)	\$ (715)	\$ (808)	\$ (67)	\$ 531	\$ (100)	\$ 1,122	\$ 1,172	\$ 767	\$ (319)
Net change in fund balances	\$ (988)	\$ (166)	\$ (449)	\$ 23	\$ 303	\$ (802)	\$ 190	\$ (36)	\$ 36	\$ (960)
Debt service as a percentage of non-capital expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Schedule 5
City of Gulfport, Florida**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Real Property			Less: Tax Exemptions	
	Residential Property	Commercial Property	Personal Property	Governmental/ Institutional	\$25,000 Homestead
2005	\$ 910,637,500	\$ 100,333,400	\$ 17,863,410	\$ 67,610,620	\$ 102,256,100
2006	1,118,237,400	111,485,100	18,038,951	72,953,440	102,421,400
2007	1,399,746,100	139,430,100	17,793,920	89,755,522	100,525,601
2008	1,407,482,670	154,739,500	17,880,050	91,176,597	99,251,124
2009	1,242,522,200	160,551,200	17,044,530	94,314,776	169,992,000
2010	1,073,945,817	144,038,327	16,477,353	91,738,983	166,891,870
2011	923,293,178	127,600,207	19,592,603	85,054,875	162,965,943
2012	811,188,628	123,584,412	19,978,443	81,345,121	159,531,596
2013	814,701,325	121,735,872	19,393,717	85,386,625	155,258,784
2014	921,149,481	125,580,281	18,742,091	88,127,607	155,487,991

Source: Pinellas County Appraiser, 2014 final certified roll (Forms DR403V and Land Use Recaps)

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

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - Continued

Last Ten Fiscal Years

Less: Tax Exemptions			
Homestead Assessment Differential	Widows/ Disability/ Blind	Total Taxable Assessed Value	Millage Rate *
\$ 199,949,400	\$ 4,560,500	\$ 654,457,690	4.300
282,027,600	4,828,000	785,531,011	4.300
411,556,006	6,034,645	949,098,346	3.870
377,742,972	6,585,252	1,005,346,275	3.349
258,470,796	7,055,438	890,284,920	3.474
170,486,824	6,775,477	798,568,343	3.474
97,945,583	6,068,572	718,451,015	3.474
50,474,346	6,230,087	657,170,333	4.000
53,289,264	6,641,608	655,254,633	4.039
116,611,683	7,486,605	697,757,967	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
2005	4.3000	6.1410	8.1220	0.6377	0.6600	1.6557	21.5164
2006	4.3000	6.1410	8.3900	0.6377	0.6600	1.6555	21.7842
2007	3.8700	5.4700	8.2100	0.6074	0.6300	1.6378	20.4252
2008	3.3487	4.8730	7.7310	0.5601	0.5832	1.5121	18.6081
2009	3.4742	4.8730	8.0610	0.5601	0.5832	1.5551	19.1066
2010	3.4742	4.8730	8.3460	0.5601	0.5832	1.5106	19.3471
2011	3.4742	4.8730	8.3400	0.5601	0.5832	1.4410	19.2715
2012	4.0000	4.8730	8.3850	0.7305	0.8506	1.2390	20.0781
2013	4.0390	5.3377	8.0600	0.7305	0.9158	1.2959	20.3789
2014	4.0390	5.3377	7.8410	0.7305	0.9158	1.2799	20.1439

Sources: Pinellas County Tax Collector, Pinellas County Property Appraiser

**Schedule 7
City of Gulfport, Florida**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Total Tax Levy	Current Year Tax Collections	Percentage of Levy Collected in Year	Tax Collected in Subsequent Years ¹	Total Tax Collected	Percentage of Levy Collected to Date
2005	\$ 2,814,168	\$ 2,731,240	97.1%	\$ -	\$ 2,731,240	97.1%
2006	3,377,783	3,273,119	96.9%	-	3,273,119	96.9%
2007	3,681,961	3,556,585	96.6%	-	3,556,585	96.6%
2008	3,366,603	3,256,529	96.7%	-	3,256,529	96.7%
2009	3,093,027	3,009,208	97.3%	-	3,009,208	97.3%
2010	2,776,835	2,699,875	97.2%	-	2,699,875	97.2%
2011	2,496,047	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%

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

**Schedule 8
City of Gulfport, Florida**

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

Property Description	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Seaside Villas Gulfport LLC	\$ 8,486,500	1	1.22%			
Paonessa, Jeffrey L	3,372,379	2	0.48%	\$ 3,948,500	3	14.61%
CFC Pasadena Golf LLC	3,084,786	3	0.44%	-		
Tugbaev, Igor	2,871,387	4	0.41%	-		
Karma Fund 3 LLC	2,440,218	5	0.35%	-		
49th Street LLC	2,355,870	6	0.34%	-		
Hernandez, Roberto M	2,018,181	7	0.29%	-		
Holmes, Michael R	1,975,060	8	0.28%			
JLP Management Assoc Inc	1,721,799	9	0.25%	1,685,800	8	6.24%
Levine, Alan M	1,694,341	10	0.24%	-		
Pasadena Yacht & Club	-			5,201,400	1	19.25%
Windsor Apartments	-			4,220,000	2	15.62%
Damkoehler, Gary L.	-			2,655,500	4	9.83%
Lavin, Jerome V	-			2,500,000	5	9.25%
Miller, Ronnie H	-			1,832,300	6	6.78%
Gulfport Plaza, Inc	-			1,748,000	7	6.47%
Caldwell, R W III	-			1,666,100	9	6.17%
Kirk Ciancido	-			1,559,700	10	5.77%
Total	\$ 30,020,521			\$ 27,017,300		

Source: Pinellas County Property Appraiser tax rolls.

**Schedule 9
City of Gulfport, Florida**

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

Type of Customer	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Residential	3,334,493	3,298,681	3,448,191	3,167,552	3,142,239	2,865,646	2,903,000	2,910,549	3,040,983	2,896,639
Commercial	311,633	321,935	297,895	266,362	261,856	252,456	265,310	277,520	403,363	288,723
Government	75,117	71,785	74,954	82,799	125,989	106,315	102,136	104,043	113,000	111,633
Total	3,721,243	3,692,401	3,821,040	3,516,713	3,530,084	3,224,417	3,270,446	3,292,112	3,557,346	3,296,995
 Total direct rate per 1,000 gallons	 \$4.24	 \$4.66	 \$4.66	 \$4.66	 \$5.02	 \$5.02	 \$5.52	 \$5.52	 \$5.52	 \$6.18

Sources: City of Gulfport Utility Billing System, Incode Software

**Schedule 10
City of Gulfport, Florida**

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

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2005	\$ 8.47	\$ 4.24	\$ 10.20	\$ 5.10
2006	9.32	4.66	10.20	5.10
2007	9.32	4.66	10.20	5.10
2008	9.32	4.66	10.20	5.10
2009	10.04	5.02	12.48	6.24
2010	10.04	5.02	12.48	6.24
2011	11.04	5.52	13.72	6.86
2012	11.04	5.52	13.72	6.86
2013	11.04	5.52	13.72	6.86
2014	12.36	6.18	15.37	7.68

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

<u>Fiscal Year</u>	<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Gulfport Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>Capital Leases</u>					
2005	\$ -		\$ -	\$ -	0.0%	\$ -
2006	-		-	-	0.0%	-
2007	-		-	-	0.0%	-
2008	-		-	-	0.0%	-
2009	-		-	-	0.0%	-
2010	-		-	-	0.0%	-
2011	-		-	-	0.0%	-
2012	-		-	-	0.0%	-
2013	220,778		220,778	347,466,018	0.1%	18
2014	311,607		311,607	356,601,490	0.1%	26

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, 2014

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>City's Share of Debt</u>
DIRECT DEBT			
City of Gulfport	\$ -	N/A	\$ -
OVERLAPPING DEBT			
Pinellas County School District State Bonds ^b	19,075,000	1.23%	234,623
Pinellas County School District Capital Leases	5,494,787	1.23%	67,586
Total Direct and Overlapping debt			<u>\$ 302,209</u>

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

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

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

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

**Schedule 13
City of Gulfport, Florida**

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Population	Personal Income (A)	Per Capita Personal Income	Median Age (A)	Unemployment Rate (B)	School Enrollment (C)
2005	12,899	\$ 326,641,377	\$ 25,323	47.3	3.7%	2,470
2006	12,935	351,017,095	27,137	44.3	2.8%	2,476
2007	12,900	294,132,900	22,801	47.3	3.9%	2,496
2008	12,920	361,411,160	27,973	45.3	6.3%	2,665
2009	12,889	367,826,282	28,538	45.7	11.8%	2,450
2010	12,217	339,192,788	27,764	50.2	12.2%	2,332
2011	12,022	323,981,840	26,740	49.9	10.0%	2,126
2012	12,056	315,288,512	26,152	51.5	8.8%	2,137
2013	11,982	347,466,018	28,999	51.9	5.9%	2,339
2014	12,145	356,601,490	29,362	50.7	5.4%	2,394

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	2014			2005 (B)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Pinellas County School District	15,928	1	38.82%			
U.S. Dept of Veteran Affairs	4,406	2	10.74%			
City of St Petersburg	3,112	3	7.58%			
All Children's Hospital	2,950	4	7.19%			
St. Petersburg College	2,744	5	6.69%			
Pinellas County Sheriff's Office	2,693	6	6.56%			
Morton Plant Hospital	2,525	7	6.15%			
Raymond James	2,475	8	6.03%			
HSN	2,150	9	5.24%			
Mease Hospital	2,050	10	5.00%			
Total Employees	41,033					

Pinellas County Average Annual Employment for 2013 = 390,273

(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.

(B) Data not available for the lookback period of fiscal year 2005.

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
City Clerk	2.5	2.5	2.5	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	8	7.5	7.5	7	7	6
Information Technology	2	2	2	2	2	2	2	1	0	0
Human Resources										1
Public Safety										
Police	47	46	45	44	43	40	40	36	36	36
Fire	13	13.5	17.5	15.5	15.5	16.5	15.5	16.5	13.5	13.5
Community Development	8	8	8	7	8	8	6	5.5	7	7
Public Works	24	26	25	25	24	24	24	24	23	29
Utilities	6	6	6	6	6	6	6	6	6	6
Recreation	41.5	41.5	40.5	38.25	38	39	37	38.25	38.25	23
Cultural Facilities	4.25	3.25	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.5
Marina	3	3	3.5	3.5	3.5	3.5	3.5	3.5	3	3.5
Total	161.25	161.75	165.5	158.75	157.5	156	151	147.25	143.25	135.5

Notes:

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

Schedule 16
City of Gulfport, Florida

OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Reported crime (UCR Part One)	-	-	-	725	742	558	590	619	596	711
Felony arrests *	776	791	630	-	-	-	-	-	-	220
Reported traffic crashes	-	-	-	173	150	151	132	124	132	105
Traffic violations issued *	2,260	2,300	2,201	-	-	-	-	-	-	1,477
Calls for service	-	-	-	35,482	38,322	34,005	33,825	23,254	25,263	27,591
Fire										
Fires extinguished	65	90	63	41	32	27	63	32	45	64
Emergency responses	2,450	2,000	2,668	2,722	2,606	2,829	2,519	2,598	2,591	2,761
Fire inspections	-	-	-	-	-	-	430	467	451	458
Sanitation										
Refuse collected (tons/day)	31.99	30.80	29.08	27.84	24.55	24.79	23.47	23.99	32.50	33.64
Recyclables collected (tons/day)	2.87	1.69	1.94	2.39	2.90	2.13	2.42	3.15	4.36	4.52
Utilities										
Average daily consumption (thousands of gallons)	1,133	1,137	1,046	1,089	1,142	989	730	981	957	951
Average daily sewage treatment (thousands of gallons)	1,058	850	1,051	781	806	1,051	996	1,062	1,147	1,050
Recreation										
Participants in after- school program	78	85	81	54	50	45	49	50	46	50
Participants in summer camp program	140	180	198	142	127	110	108	93	129	133
Library										
Circulation of materials	114,437	111,600	115,489	81,689	93,698	90,749	88,642	92,016	99,248	103,701
Reference questions	10,422	10,900	8,114	8,113	8,772	7,990	8,110	7,081	7,000	10,228
Sponsored programs	200	225	276	252	278	253	132	192	277	238
Senior Center										
Average daily attendance	120	120	148	175	200	250	250	250	115	175
Meals served daily	140	140	140	175	60	60	50	50	35	50
Reassurance calls made daily	45	30	27	22	26	30	25	25	13	11
GEMS										
Number of rides	9,272	13,150	12,105	11,338	10,927	10,454	11,124	11,109	8,132	8,760
Number of subscriptions	147	100	145	163	157	186	180	180	165	109
Number of handicapped members	91	100	38	47	69	103	95	95	85	87
Marina										
Number of wet/dry slips rented	247	247	247	237	237	209	192	180	265	289
Number of vessels fueled	7,200	7,350	6,475	5,776	3,831	3,994	4,919	5,272	4,429	5,184
Number of gallons dispensed	262,500	275,000	217,144	203,556	198,653	189,152	211,333	181,680	172,266	211,697
Number of transient rentals										197
Number of kayaks stored										28
Cultural Facilities										
Number of dances/rentals	192	200	226	289	302	327	323	319	317	314
Number of theater rentals	108	125	118	99	85	75	89	63	73	67

Sources: Various City departments

Schedule 17
City of Gulfport, Florida

CAPITAL ASSET STATISTICS BY FUNCTION PROGRAM
Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Schools*										
Elementary	1	1	1	1	1	1	1	1	1	1
Junior/Senior High	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	20	22	22	22
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	2	2	2	2	2	2	2	2	2	2
Other Public Works										
Streets - Paved	67.63	67.63	67.63	67.63	67.63	67.63	67.63	67.63	67.63	67.63
Streets - Unpaved	32	32	32	32	32	32	32	32	32	32
Streetlights	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368	1,368
Sanitation										
Collection trucks	6	6	6	6	6	6	6	6	7	7
Utilities										
Water mains (miles)	67	67	68	68	68	68	68	68	68	68
Fire hydrants	258	260	265	265	265	265	265	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
Recreation										
Acreage	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75	36.75
Playgrounds	6	6	6	6	6	6	6	6	6	6
Tennis courts	2	2	2	2	2	2	2	2	2	2
Skate parks	1	1	1	1	1	1	1	1	1	1
Volleyball courts	2	2	2	2	2	2	2	4	5	5
Basketball courts	1	1	1	1	1	1	1	1	1	1
Bocce courts	2	2	2	2	2	2	2	1	1	1
Recreation buses	1	1	1	1	1	1	1	1	1	1
Library										
Catalogued items	70,916	74,500	73,665	74,100	74,100	74,438	75,250	95,393	77,113	89,339
GEMS										
Vehicles	3	3	3	3	3	3	4	4	4	4
Marina										
Number of slips	247	247	247	247	247	247	247	247	247	247
Dry storage slips	-	-	-	-	-	-	73	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 AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gulfport, Florida (the “City”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City’s basic financial statements, and have issued our report thereon dated March 27, 2015.

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.

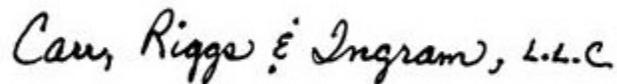
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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
March 27, 2015

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, 2014, and have issued our report thereon dated, March 27, 2015.

Auditor's 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 Auditor's 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*; and Independent Accountant's 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 March 27, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

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

Section 10.554(1)(i)5.b., 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, 2014. 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
March 27, 2015

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

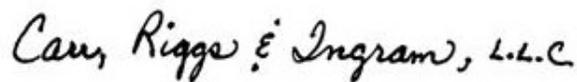
Honorable Mayor and Members of the City Council
City of Gulfport, Florida

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, 2014. 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, 2014.

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



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
March 27, 2015