

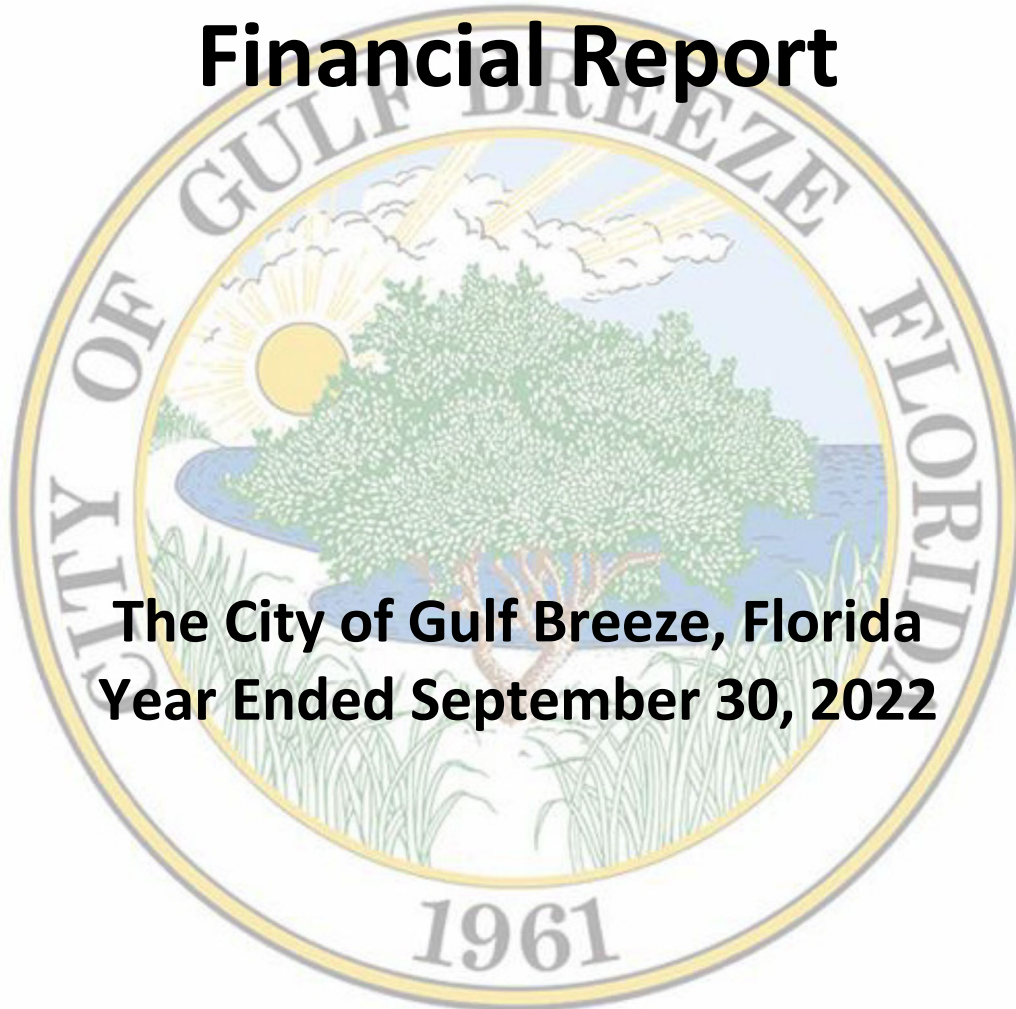


City of Gulf Breeze, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

September 30, 2022

Annual Comprehensive Financial Report

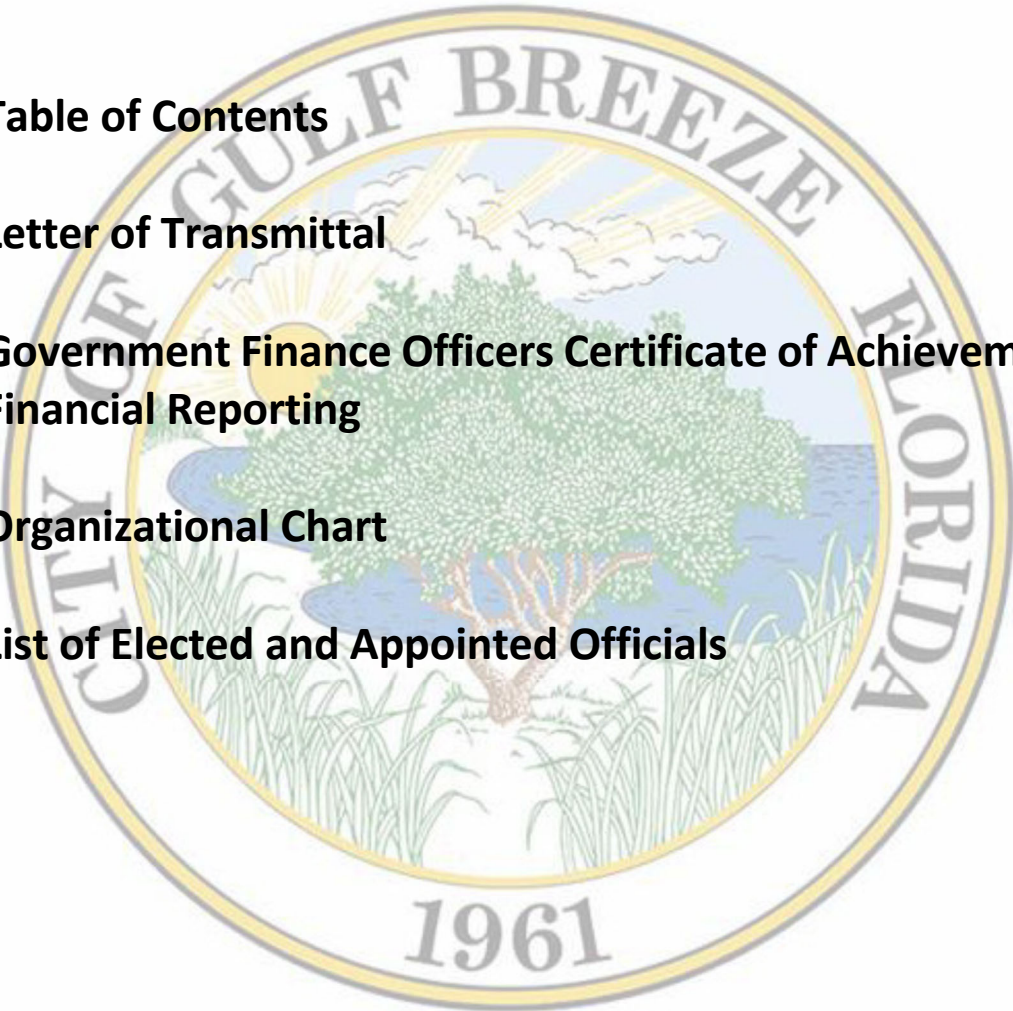


**The City of Gulf Breeze, Florida
Year Ended September 30, 2022**

Prepared by the Finance Department
Bragg Farmer, Director of Finance

Introductory Section

- ❖ **Table of Contents**
- ❖ **Letter of Transmittal**
- ❖ **Government Finance Officers Certificate of Achievement in Financial Reporting**
- ❖ **Organizational Chart**
- ❖ **List of Elected and Appointed Officials**



| | Page |
|--|-------|
| INTRODUCTORY SECTION | |
| Table of Contents | iv |
| Transmittal Letter | vi |
| GFOA Certificate of Achievement | xvi |
| Organization Chart | xvii |
| City Officials | xviii |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 5 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 21 |
| Statement of Activities | 23 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 25 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 26 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 27 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 28 |
| Statement of Net Position – Proprietary Funds | 29 |
| Statement of Revenues, Expenses and Changes in Fund Position – Proprietary Funds | 31 |
| Statement of Cash Flows – Proprietary Funds | 32 |
| Statement of Fiduciary Net Position – Fiduciary Funds | 34 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds | 35 |
| Notes to Financial Statements | 36 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule – General Fund | 92 |
| Budgetary Comparison Schedule – Urban Core Redevelopment | 93 |
| Budgetary Comparison Schedule – Stormwater Management | 94 |
| Schedules of Defined Benefit Pension Plans | 95 |
| Schedules of Other Postemployment Benefits | 102 |

| | Page |
|--|------|
| Other Supplementary Information | |
| Combining Financial Statements | |
| Balance Sheet – Nonmajor Governmental Funds | 105 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 106 |
| Budgetary Comparison Schedule – Nonmajor Governmental Funds | 107 |
| Combining Financial Statements | |
| Statement of Net Position – Nonmajor Proprietary Funds | 110 |
| Statement of Changes in Net Position – Nonmajor Proprietary Funds | 111 |
| Statement of Cash Flows – Nonmajor Proprietary Funds | 112 |
| STATISTICAL SECTION | |
| Financial Trends | 116 |
| Revenue capacity | 125 |
| Debt capacity | 130 |
| Demographic information | 136 |
| Operating information | 139 |
| REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS | |
| Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 150 |
| Management Letter | 152 |
| Report on Compliance with Local Government Investment Policies | 154 |



City of Gulf Breeze

June 23, 2023

To the Honorable Mayor, City Council Members and the Citizens of City of Gulf Breeze, Florida

Chapter 218.32, Florida Statutes, requires every local government to publish a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended September 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The cost of internal control should not exceed anticipated benefits. Accordingly, the objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

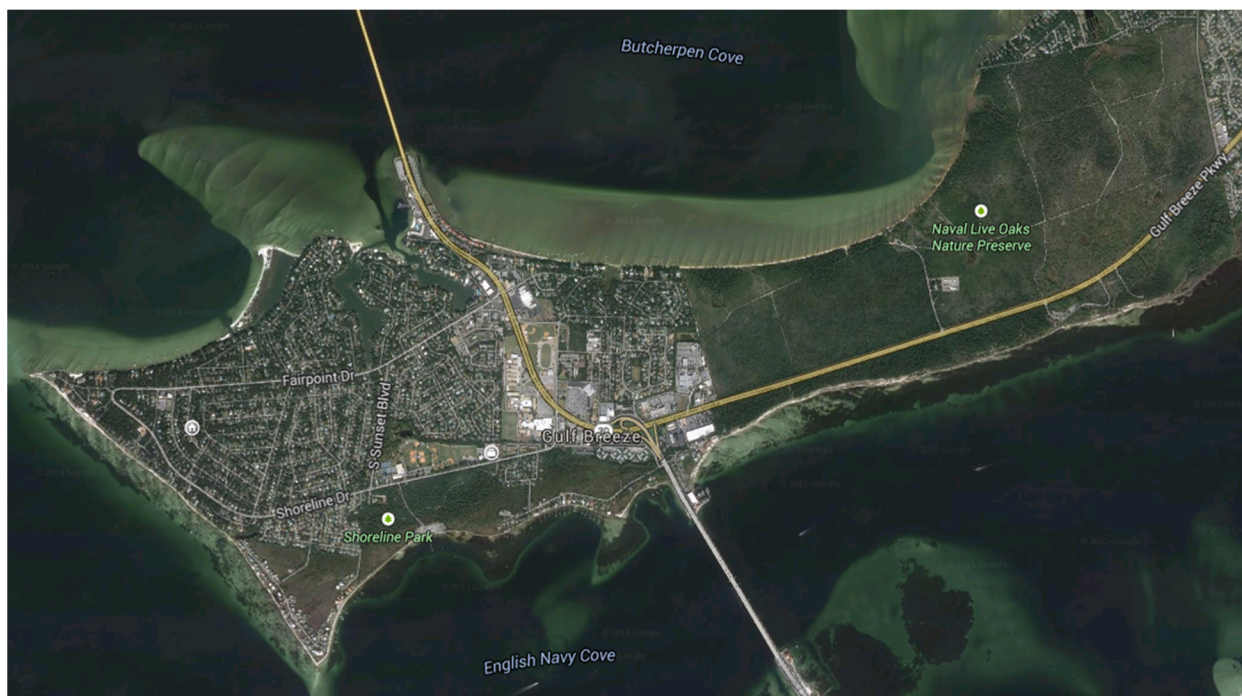
Carr, Riggs & Ingram CPA's and Advisors, a firm of certified public accountants, has audited the city's financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Gulf Breeze financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented in Section II - Financial Section, as the first component of the Financial Section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with the Financial Statements.

PROFILE OF THE GOVERNMENT

The City of Gulf Breeze was incorporated on August 10, 1961 and is located on the end of the FairPoint Peninsula in Santa Rosa County. The City of Gulf Breeze is 4.5 square miles and has approximately 6,501 residents. The city has 18 miles of waterfront and three protected bayous, where residents enjoy all types of waterfront activities. Gulf Breeze is separated on the north by a three-mile bridge across the Pensacola Bay from the City of Pensacola and Escambia County, and by the Bob Sikes Bridge (commonly known as the Pensacola Beach Bridge) over Santa Rosa Sound to Pensacola Beach. To the east is the Gulf Islands National Seashore, located within the city limits, and covers approximately 1,329 acres including nature trails, picnic facilities, park ranger facilities, and beach access.

The city operates under the Council/Manager form of government. The City Council is comprised of five members. Under the city charter, one Council office may be the office of the Mayor and four Council members are elected at large. Council terms run for a period of four years with terms expiring on alternating years. Mayoral and Council terms begin 30 days after the date of election. The Mayor and Council enact ordinances and resolutions relative to municipal services, levy taxes, establish appropriations, issue debt and institute other fees and regulations, which aid in the maintenance of equitable treatment and quality standards within the municipality. All legislative and administrative powers of the municipality and the determination of all matters of policy are vested in the municipal council. Each member of Council, including the Mayor, has one vote in each matter. The City Manager is the head of the administrative branch of the government. The City Manager has complete and full authority, acting on behalf of the City Council, over each and every department, department heads, and employees of the city and has full authority over all operations of the city. The City Manager ensures that management functions are carried out within the policies and procedures endorsed by Council along with ensuring personnel requirements and budget constraints are upheld by department heads charged with managing the daily operations necessary to provide services to the residents and businesses of the city.



Google Earth image of City of Gulf Breeze

The City of Gulf Breeze employs approximately 152 total employees with 116 full time employees, divided into seven departments, which provide a full range of municipal services. These services include police protection, volunteer fire protection, finance and accounting, community services, public utility services, recreation and administrative services. The city provided public services include police, fire, parks and recreation, streets and drainage in addition to enterprise operations consisting of water, sewer, stormwater drainage and natural gas. The city contracts with a private firm through a competitive bid process to provide solid waste and recycling collection services within city limits. Public safety is provided through twenty-four-hour police protection by the fully accredited police

department along with a fully trained volunteer fire department. The police department has been the recipient of numerous awards for professionalism and innovation; and was the first department to receive accreditation in Northwest Florida. The volunteer fire department, comprised of area firefighter professionals, has earned an ISO rating of 4 based on its professionalism, procedures and adequacy of water supply. The establishment and professional operation of these departments not only contributes to the peace of mind for residents, but also contributes to lower insurance rates for residents.

The City of Gulf Breeze has a stable, full-service, innovative, government recognized as a leader in financial programs. The city, as reported in the accompanying financial statements, includes all the funds of the primary government as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable, such as the Community Redevelopment Area (CRA). Additionally, the Capital Trust Agency and Capital Trust Authority are separate legal entities with an operating function for the City.

Local Economy

The economic base of the City of Gulf Breeze is 73% residential with commercial areas accounting for 27% of the city. Because the City of Gulf Breeze consists of only 4.5 square miles, bounded by waterfront and a federal refuge, there is limited potential for expansion. Redevelopment continues to be the most viable alternative for economic improvements inside the peninsula city. In 1988, the city established the Community Redevelopment Agency (CRA) to enable the city to utilize tax increment financing (TIF) to foster improvements and redevelopment in the city's commercial corridor. The CRA Plan was extended in 2018 for thirty years. CRA infill and redevelopment successes include Andrews Institute, a sports medicine and orthopedics center, Andrews stem cell research lab, Baptist Hospital, Sacred Heart Pediatric Clinic, Seashell Collections Shopping Center, and Henghold medical offices. There is also a public library, a variety of churches, a community center that includes a small stage along with two large gymnasiums, and public elementary, middle, and high schools, each of which continues to receive high rankings. The CRA offers marketing, promotion, and eligible small business grants to new and expanding business.

Some of the best schools in Florida are located in Santa Rosa County. The Gulf Breeze area's five schools rank as the best of the best in the state and are competitive with their peers nationally. Gulf Breeze students consistently score well above state averages on all standardized examinations and have repeatedly earned "Five Star School Awards."

The first Mayor, Dr. C. J. Heinberg, and City Council members requested and received from Santa Rosa County, the ownership of land (more than 255 acres) that is now Shoreline Park. An outstanding range of recreational facilities is provided by the city, which includes 11 sports fields, 6 children's parks, 10 tennis courts, several picnic areas, 2 public boat launches, a dog park, a skate park, a disc golf course, competitive sand volleyball, 2 nature reserves and beaches, various nature trails, Wetlands Trail Boardwalk, and bicycle paths. Residents enjoy a quiet residential community just a few minutes from the Gulf of Mexico and the City of Pensacola. The city has two of the most popular boat ramps in the area in close proximity to the Pensacola pass located at Shoreline Park and Wayside Park. There are 105 acres of undeveloped park property along the water for a leisurely walk in the woods.

Long-term Financial Planning

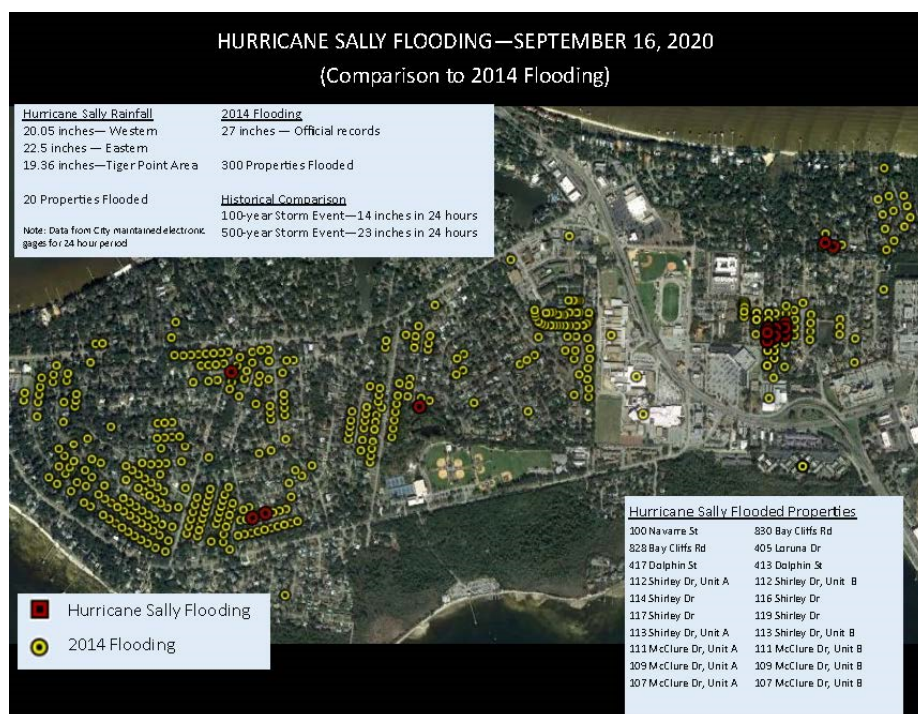
Future financial requirements are directly tied to the vision and goals outlined in the City of Gulf Breeze Comprehensive Plan, 5-Year Resiliency Strategic Plan, Most Livable City Master Plan, Community Redevelopment Area Plan Update, and Ten-Year Capital Improvement Plan.

The purpose of the Comprehensive Plan is to help manage the socio-economic growth, natural resources and growth management of the peninsula city. Recommended strategies to accomplish the goals of the Comprehensive Plan are organized by plan element to create a five-year implementation plan, the 2020-2025 Resiliency Strategic Plan.

The CRA Plan Update and Most Livable City Master Plan help manage the redevelopment of linear commercial strip centers by offering incentives for smart growth infill redevelopment, mixed-use and multi-modal infrastructure to lessen vehicle dependency.

The purpose of the Capital Improvement Plan is to provide a fiscal planning tool to identify needed capital projects, allocate funding, and schedule project start dates. The information is gathered based on submissions by the various city departments. The capital planning process not only includes the costs of capital, but also the on-going maintenance and operational costs associated with the projects.

The Capital Trust Authority is an interlocal agency formed by the City of Gulf Breeze and the City of Quincy by an interlocal agreement in 2022. The Capital Trust Agency (CTA) is an earlier interlocal agency formed by the City of Gulf Breeze and the Town of Century by an interlocal agreement in 1999. The City provides employees to operate the CTA's bond sponsorship programs. Historically, these revenue sources have been the equivalent to over 80% of the city's ad valorem tax revenues and allowed the city to maintain a low millage rate.



The City Council annually reviews and updates its comprehensive 10-year Capital Improvement Plant (CIP) as a budget planning tool. A plan for strengthening project tracking long-term will further enhance the City's budget practices for years to come.

The Budget

The annual budget serves as the foundation of the city's financial planning and control. Development of the annual budget is the beginning of the financial transaction process. A town meeting is held commencing the budget development process. All departments of the city submit requests for appropriation to the City Manager, to be finalized by mid-June. The City Manager then reviews the proposed budget, and when a balanced budget is achieved, it is ready for presentation to the City Council. Beginning in July, several public workshops are held, during which time the proposed budget is presented to the Mayor and City Council. A determination regarding the city millage rate is made and all public notices regarding the proposed budget and millage rate are posted. The final budget is adopted following the requisite public hearings no later than September 30, the close of the city's fiscal year.

Budgetary control is maintained by the City Manager, Finance Director and Department Directors through a continual review process. Expenditures are made within the budgetary guidelines. While Department Heads may make transfers of appropriations within a department, they must receive approval by the City Manager. Unbudgeted purchases may be considered provided there are sufficient funds to cover the cost and proper approval for a budget adjustment has been made by the City Manager and the City Council.

Relevant Financial Policies

The City of Gulf Breeze has a comprehensive formal investment policy to ensure compliance with Florida Statutes, in addition to established reserves for debt service requirements, insurance reserves, and emergency/disaster recovery.

In 2022, citizens of Gulf Breeze approved by 61% the restating of the city's charter which was first adopted in 1961. As a best practice, the City Council appointed a Charter Review Committee in December of 2019, which determined that the Charter's general provisions required updating. In 2022, the City Council held a joint workshop with the Charter Review Committee. The City Council next adopted an ordinance providing for the charter restatement as recommended. The new charter was approved on a November 2022 referendum.

The changes do not reflect a change in the City's Council-Manager form of government. Rather, the restated charter reaffirms the city's founding principles of an efficient, transparent, local government providing high levels of service for its citizenry. The purchasing thresholds in the 1961 charter were removed and instead included in a new Purchasing Policies and Procedures Ordinance for periodic review by the City Council. The decision to do this has proven fateful given the historic spike in inflation which has proven burdensome for implementing a spending plan requiring all items over \$5,000 to be advertised and competitively bid. Contractors are often not responding to the City's modest-sized bids given the bulge of construction activity in the region from growth demands. Resultantly, the City Council will be reviewing an update to its Purchasing Policies and Procedures.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Gulf Breeze operates.

A Global Pandemic, Supply Shortages and Two Historic Storm Seasons with Skyrocketing Growth and Inflation

In 2020, the City of Gulf Breeze completed a yearlong utility rate study to determine how best to afford needed renewals and replacements of utility assets including machinery and lift stations. Recommended upgrades included new remote-control software and hardware systems for lift stations, called supervisory control and data acquisition (SCADA). The absence of SCADA means that personnel must manually check and adjust each of the City's 87 lift stations daily across 30 square miles, rather than monitor and adjust remotely.

Hurricane Sally was the eighteenth named storm and seventh hurricane of the extremely active, record-breaking 2020 Atlantic hurricane season. Hurricane Sally formed out of an area of disturbed weather which was first monitored over the Bahamas on September 10. The system grew to a broad area of low-pressure on September 11 and was designated as a tropical depression late that day. Early the next day, the depression made landfall at Key Biscayne and subsequently strengthened into Tropical Storm Sally that afternoon.



It further intensified into a Category 2 hurricane during the evening of September 14. However, an increase in wind shear and upwelling of colder waters weakened Sally slightly back down to Category 1 on Tuesday, September 15.

Hurricane Sally hit prior to the implementation of capital upgrades identified in the utility study, which meant that City crews must physically check and adjust all stations in the field. Of 87 sewer lift stations, 38 experienced power loss, power surge, storm surge water inundation or influx of infiltration and inflow. Inside the 4.68 square mile city limits, three residents reported sewer backups. There were approximately 273 addresses (unreported) that may have experienced moderate sewer service interruption based on tidal surge or flood water inundation into sewer collections systems. Outside City limits, in the remaining sewer franchise area of South Santa Rosa Utility, there were 13 reported sewer backups and approximately 1,270 addresses (unreported) estimated to have been impacted by known areas of tidal surge or flood water inundation into the sewer system. As a result of the yearlong study, the Council combined the city/non-city utility enterprise funds into the Gulf Breeze Regional Water System. The Council also approved a five-year incremental rate increase the uses the same rate structure inside and outside of the city. This rate adjustment was planned to support the system-wide capital planning.

For nine months after Hurricane Sally the 3-mile Pensacola Bay Bridge was closed for repairs, dealing an economic blow to the peninsula city. However, during the pandemic residential growth in the city's unincorporated service area steeply accelerated along with inflation and supply shortages. The utility rate study completed in 2020 is insufficient in 2022 to fund major utility capital expansions. For example, in 2022 the Tiger Point Reclamation Facility was bid for construction with \$31,994,000 in

funding and a \$28 million cost estimate. Yet, the lowest bid was \$58 million. The City is therefore embarking on updates to its rates in order to keep pace with the unprecedented growth in the unincorporated area as well as implementing storm hardening initiatives within the City limits.

Storm Hardening

The City's improved stormwater system and improved flooding response strategy paid off drastically compared to the City's last federally-declared flooding disaster in 2014 under similar conditions. This highlights the need to complete all projects from within the Stormwater Master Plan.

Gulf Breeze pumped groundwater down and lowered stormwater ponds prior to Hurricane Sally. Of the seven stormwater pump stations inside the 4.68 square mile City limits, all pumps intermittently failed to operate due to power outages, requiring Staff to deploy portable generators or bypass pumps. Some storm equipment rentals failed or lacked necessary adapters. Yet, overall response was exceptional: The structural flooding was significantly less than the historic 2014 flood with similar rainfall.

Natural gas pumps and generators require a combustion engine. Combustion engines are susceptible to failure in heavy winds, rain and flooding. The City's stormwater master plan, once fully implemented, will result in a system that is dependent on gravity. In the near-term, until stormwater improvements are completed for a gravity system, the City will continue to pre-deploy combustion engine pumps or generators when weather conditions allow.



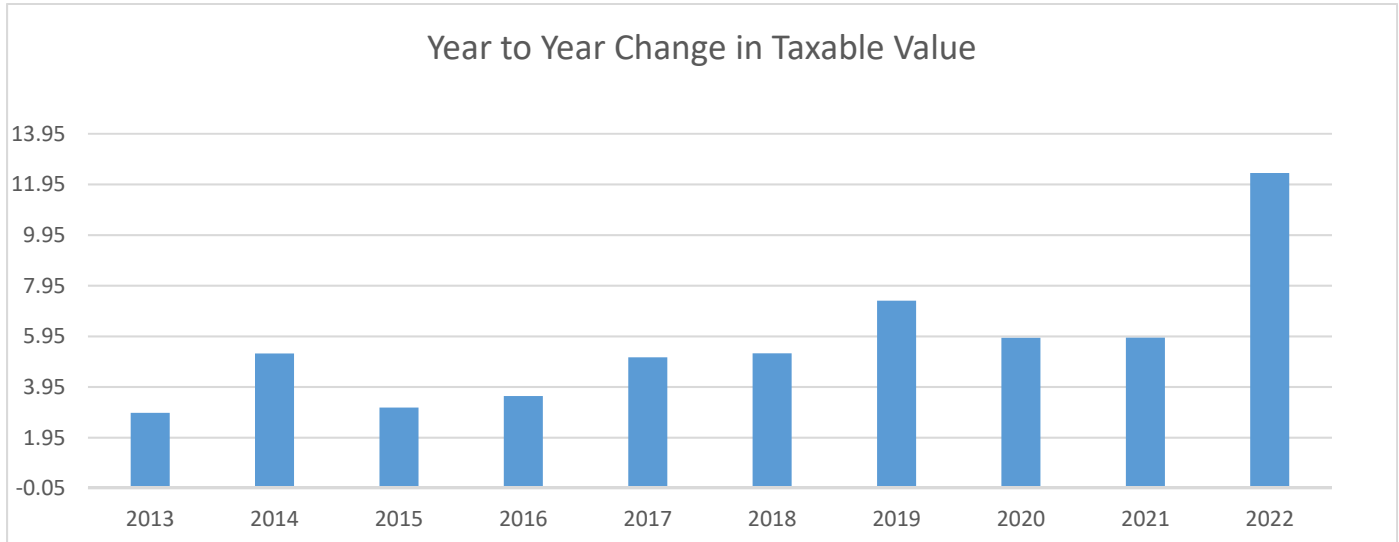
As a result of Hurricane Sally, the City is evaluating ways to install auxiliary equipment that would be safe and secure in severe storm conditions, without placing an unsightly burden in the neighborhood. A safe installation would be similar to the City Hall generator enclosed in a cinder block building. This can be very intrusive in a neighborhood and is difficult to install with the narrow rights-of-way.

Overall, the City's improved stormwater system and response strategies proved a drastic improvement citywide compared to the City's last federally-declared flooding disaster in 2014

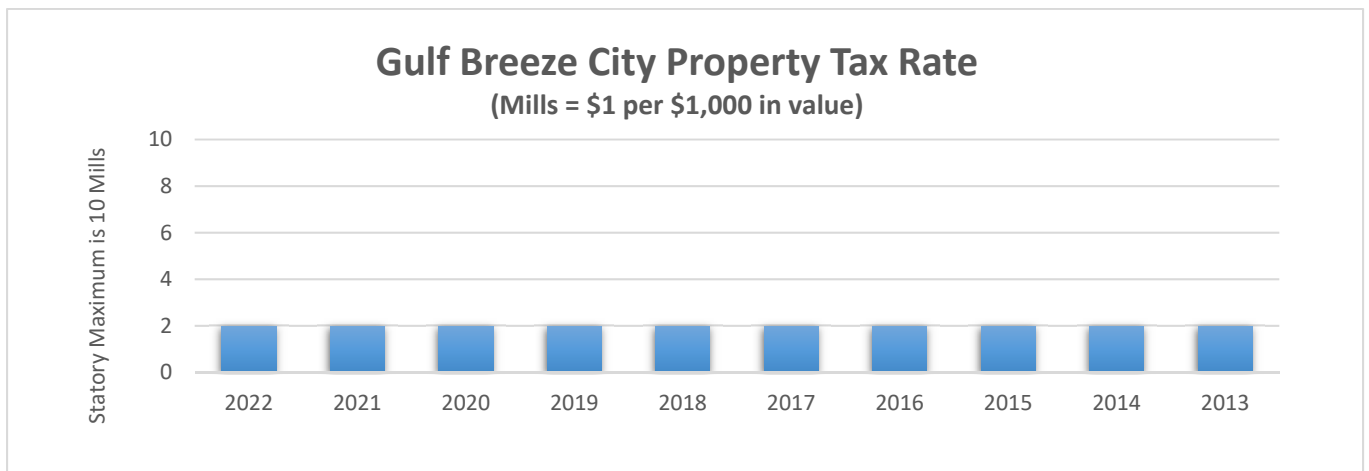
under similar conditions.

The Florida Department of Transportation Stormwater Design Standards for a 100-year storm event is defined as a storm event that has a 1% chance of occurring and that results in 13 inches of rain within a 24 hour period. There are no FDOT design standards for an event with less than a 1% chance of occurring and over 20 inches of rain in 24 hours, such as the 500-year flood conditions which have occurred twice in the last six years in Gulf Breeze.

Property Values



There was a 12.39% increase in assessed City property value in 2022, following consecutive increases of 5.90%, 5.89, 7.36%, 5.28%, 5.12%, 3.59%, 3.14%, and 5.27% in 2020, 2019, 2018, 2017, 2016, 2015, 2014 and 2013 respectively. (Reference Table VII in the Statistical Section).



The millage rate for the city has remained un-changed over the years, as keeping taxes low has been a priority for the City Council. (Reference Table VIII in the Statistical Section).

Major Initiatives

On-going major capital initiatives:

All budgets are constrained by available revenues. Capital projects are prioritized so available funds are allocated based on need, Council priority, and their impact on providing City services. Gulf Breeze is a largely built-out community lauded for its superior City services. General Fund revenues are expected to remain flat, with sales tax and millage rate projections remaining approximately the same

as the last two years, yet needs for infrastructure improvements grow. Funds for capital maintenance also rely on enterprise funds from the City's "business-like" operations which consist of natural gas, water and sewer. Other major capital projects will require grants, state and federal appropriations, government bonds, or other long-term borrowing.

Enterprise capital projects are funded by their respective enterprise revenues, such as the Water and Sewer Fund and Natural Gas Fund. Customers grew 25% over the last year, as the city serves 15% of the unincorporated population outside the city. Additional capital projects selected by the Council may be funded, in part or in whole, by funds derived from non-recurring payment sources.

Transportation: A number of transportation projects are underway across the City. These include \$1.5 million in paving which is three times the City average, Shoreline Drive and Hwy 98 improvements, and the study and redesign of the 399 overpass as well as multi-modal overpass and trail system.

Technology: The Ten-Year Capital Improvement Plan (CIP) reflects a continued commitment to technology advances with projects such as automating controls and monitoring of waste water treatment operations, utilizing supervisory control and data acquisition (SCADA) for remote monitoring of lift stations, and utilizing digital storage for online security and transference of records and evidence. The Ten-Year CIP also addresses IT through periodic server and security upgrades.

Maintenance of City Facilities and Assets: Buildings require renovation and large equipment items require maintenance and replacement. Most significantly, FY 2022 included the new Police Station and City Services Annex breaking ground, with construction to be complete mid 2023. The City continues to budget for the annual replacement of two police cars, expansion of the wastewater treatment plant, fire hydrant replacements, potable water plant improvements, water main and sewer main improvements, and natural gas maintenance and expansions.

Environmental Protection and Green Space: The CIP continues to prioritize stormwater run-off hazards and environmental impacts through the replacement of stormwater culverts, waterline replacements related to infrastructure changes, and maintenance projects. The City continues to partner with Santa Rosa County and Gulf Power on environmental projects which address natural seagrass replacement and protection, shoreline erosion, and the replenishment of Deadman's Island. Additionally, the Council may allocate funding for the City's new and voluntary Septic Tank Elimination Program (STEP), to continue to address water quality and protect commercial and recreation fishing and oyster gardening.

Awards and Acknowledgments

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 Gulf Breeze for its comprehensive annual financial report for the fiscal year ended September 30, 2021. That was the 20th consecutive year that the government had achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This Certificate of Achievement is valid for one year. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting this year's report to the GFOA to determine its eligibility for a certificate for the 19th consecutive year.

We would like to express our appreciation to the Mayor and the City Council for their direction and support in conducting the financial operations of the city in a responsible and progressive manner and maintaining the financial integrity of the City of Gulf Breeze. The preparation of this comprehensive annual financial report could not have been accomplished without the dedicated services of the entire staff of the Finance Department, City Clerks, and the City's Department Directors.

Other City departments, while not extensively involved in the year-end audit activities, contribute significantly, ensuring the accuracy and integrity of accounting information throughout the year. Their diligence was essential in assisting the Finance Department in providing the citizens of Gulf Breeze with an outstanding, comprehensive report.

We would also like to acknowledge the accounting firm of Carr, Riggs, and Ingram CPA's for their professional assistance. Their suggestions and attention to detail continue to greatly enhance the quality of this report.

Respectfully submitted,

Samantha Abell
City Manager

Bragg Farmer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Gulf Breeze
Florida**

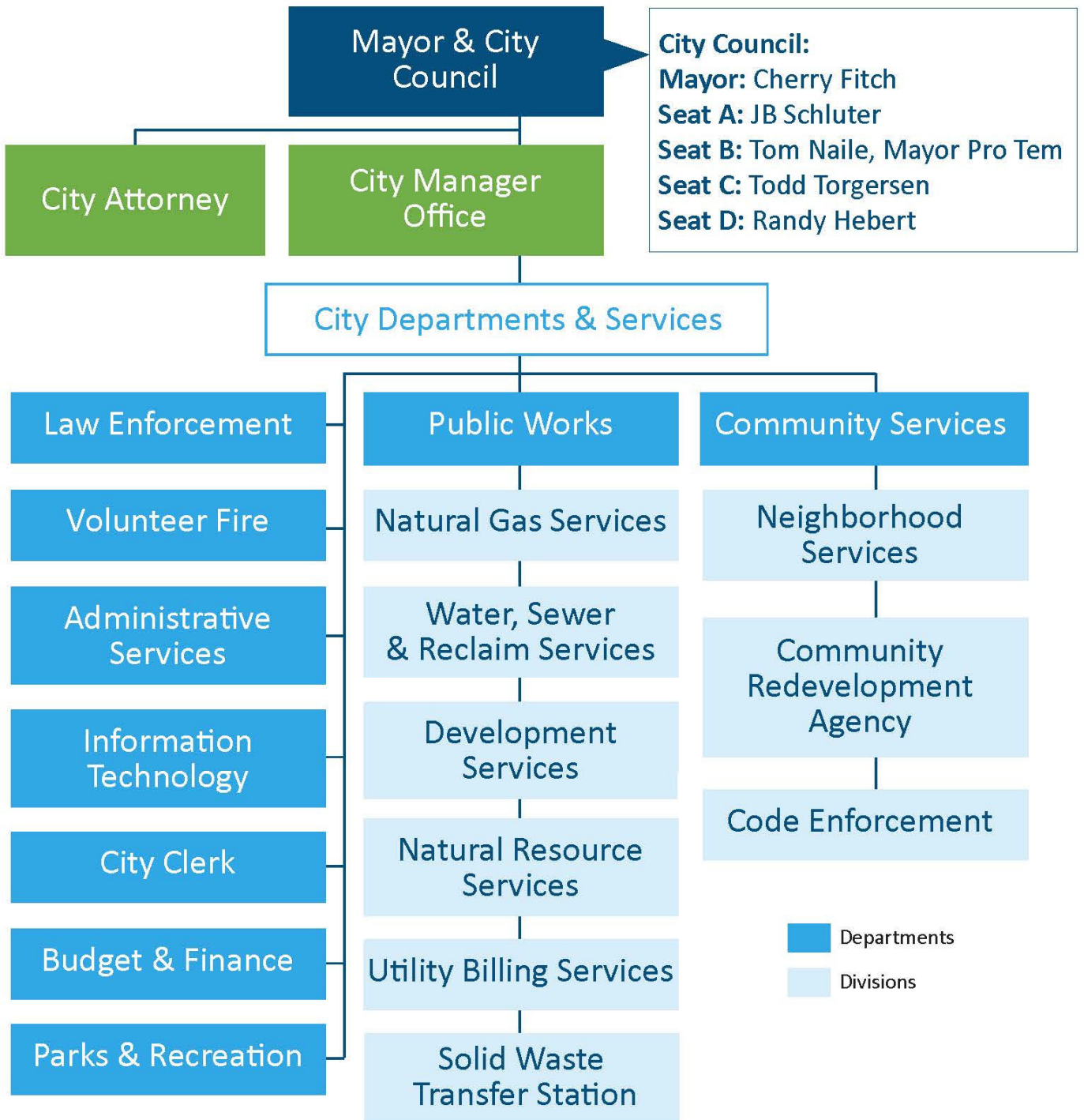
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

ORGANIZATIONAL CHART





City of Gulf Breeze

Elected Officials – City Council

Mayor: Cherry Fitch

Seat A: JB Schluter

Seat B: Tom Naile, Mayor Pro Tem

Seat C: Todd Torgensen


Seat D: Randy Hebert

Appointed Officials

City Manager: Samantha Abell

City Attorney: Mary Jane Bass

Financial Section

- 
- ❖ Independent Auditors' Report
 - ❖ Management's Discussion and Analysis
 - ❖ Basic Financial Statements
 - ❖ (Government-wide Financial Statements)
 - ❖ (Fund Financial Statements)
 - ❖ (Notes to the Financial Statements)
 - ❖ Required Supplementary Information
 - ❖ Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Gulf Breeze, Florida

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gulf Breeze, Florida, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, in fiscal year 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and

the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Caru, Riggs & Ingram, L.L.C.

Fort Walton Beach, Florida

June 23, 2023

City of Gulf Breeze, Florida

Management's Discussion and Analysis

As management of the City of Gulf Breeze, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found beginning on page viii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by approximately \$73,000,000 (net position). Of this amount approximately \$40,000,000 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The governmental total unrestricted net position increased by approximately \$11,600,000 and the business-type total unrestricted net position increased by approximately \$2,600,000 or 10.1%.
- The City's total net position increased by approximately \$10,400,000 or 16.7% over the prior fiscal year.
- The governmental funds of the City reported combined ending fund balances of approximately \$25,300,000, an increase of approximately \$600,000 or 2.3%, as total revenues of approximately \$16,400,000 plus total other financing uses of \$1,100,000, is more than the total expenditures of approximately \$17,000,000.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$8,400,000 or approximately 81.6% of the total General Fund expenditures for the year ended September 30, 2022.
- The City's total assets and deferred outflows increased by approximately \$10,700,000 or 10.3% over the prior year.
- The City's total net investment in capital assets increased by approximately \$5,400,000 or 25.8%.
- The City's total liabilities and deferred inflows increased approximately \$300,000 or 0.7% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial

City of Gulf Breeze, Florida Management's Discussion and Analysis

statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide

Government-wide Financial Statements - The City's government-wide financial statements are designed to provide its readers with a broad overview, similar to a private sector business.

The statement of net position provides information on the entire City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The statement of activities provides information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, police, fire, parks and recreation and community services. The business-type activities of the City include water and sewer, natural gas, and solid waste.

The government-wide financial statements include not only the City itself (the primary government), but also blended component units, Gulf Breeze Financial Services (GBFS), and the Community Redevelopment Agency (CRA). Blended component units, although legally separate entities, are, in substance, part of the primary government's operations. The government-wide financial statements are found on pages 21-24 of this report.

Funds

Fund Financial Statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

City of Gulf Breeze, Florida Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds (General Fund, Urban Core Redevelopment Fund, Stormwater Special Revenue Fund, Traffic Citation Special Revenue Fund, Tourism Development Special Revenue Fund, and Police Special Revenue Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Urban Core Redevelopment Fund (UCR), and the Stormwater Fund, which are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of the combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Urban Core Redevelopment Fund, and Stormwater Fund. A budgetary comparison schedule is provided for the General Fund, Urban Core Redevelopment Fund and Stormwater Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 25-28 of this report.

Proprietary Funds - All proprietary funds of the City are maintained as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utilities operations (water operations and distribution; sewer collection and treatment; natural gas operations and distribution; and, solid waste control), and to account for the activities of GBFS, a blended component unit of the City.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the City Water & Sewer Fund, Natural Gas Fund, GBFS Fund, Solid Waste Control Fund, and Innerarity Point Utilities Fund. The City's Water & Sewer Fund, Natural Gas Fund, and GBFS Fund are considered to be major funds of the City. Data from the other two proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of the combining statements elsewhere in this report. The current year presentation of the Water & Sewer Fund combines the previous Water & Sewer Fund along with the South Santa Rosa Utility Fund, which was presented separately in prior years.

The basic proprietary fund financial statements can be found on pages 29-33 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's fiduciary funds include the Police Officers' Retirement Fund and the D.A.R.E. Escrow Agency Fund. Fiduciary funds are not reflected in the government-wide financial

City of Gulf Breeze, Florida Management's Discussion and Analysis

statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-91 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 92-102 of this report.

The combining statements referred to earlier in connection with non-major governmental and proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 103-113 of this report.



Shoreline park location for dog beach park

City of Gulf Breeze, Florida
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$73,000,000 at the close of the most recent fiscal year, as reported in Table 1, below.

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 30,414,277 | \$ 28,557,872 | \$ 34,016,759 | \$ 30,184,745 | \$ 64,431,036 | \$ 58,742,617 |
| Capital assets | 24,369,340 | 19,990,086 | 22,904,345 | 24,013,769 | 47,273,685 | 44,003,855 |
| Total assets | 54,783,617 | 48,547,958 | 56,921,104 | 54,198,514 | 111,704,721 | 102,746,472 |
| Deferred outflows | 2,984,780 | 1,217,313 | - | - | 2,984,780 | 1,217,313 |
| Total assets and deferred outflows | \$ 57,768,397 | \$ 49,765,271 | \$ 56,921,104 | \$ 54,198,514 | \$ 114,689,501 | \$ 103,963,785 |
| Long-term liabilities | \$ 21,490,714 | \$ 22,438,441 | \$ 10,911,098 | \$ 11,925,126 | \$ 32,401,812 | \$ 34,363,567 |
| Other liabilities | 4,230,828 | 2,756,434 | 2,131,942 | 2,153,347 | 6,362,770 | 4,909,781 |
| Total liabilities | 25,721,542 | 25,194,875 | 13,043,040 | 14,078,473 | 38,764,582 | 39,273,348 |
| Deferred inflows | 2,937,700 | 2,115,795 | - | - | 2,937,700 | 2,115,795 |
| Total liabilities and deferred inflows | 28,659,242 | 27,310,670 | 13,043,040 | 14,078,473 | 41,702,282 | 41,389,143 |
| Net position: | | | | | | |
| Net investment in capital assets | 14,241,450 | 8,760,611 | 12,317,227 | 12,351,474 | 26,558,677 | 21,112,085 |
| Restricted | 3,688,554 | 14,138,486 | 2,705,096 | 1,527,270 | 6,393,650 | 15,665,756 |
| Unrestricted | 11,179,151 | (444,496) | 28,855,741 | 26,241,297 | 40,034,892 | 25,796,801 |
| Total net position | 29,109,155 | 22,454,601 | 43,878,064 | 40,120,041 | 72,987,219 | 62,574,642 |
| Total liabilities and net position | \$ 57,768,397 | \$ 49,765,271 | \$ 56,921,104 | \$ 54,198,514 | \$ 114,689,501 | \$ 103,963,785 |

The City's net investment in capital assets (e.g. land, buildings, machinery and equipment), less any outstanding debt used to acquire those assets, totaled \$26,558,677 (36.4% of total net position) at September 30, 2022. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$6,393,650 or 8.7% of total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$40,034,892 (54.9% of total net position) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Gulf Breeze, Florida Management's Discussion and Analysis

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both in the separate governmental and business-type activities.

Governmental activities before transfers increased the City's net position by \$5,520,709. The key elements of this change are reported in Table 2A, below.

| | Governmental Activities | | Year over year change | |
|---|-------------------------|---------------------|-----------------------|---------------|
| | 2022 | 2021 | \$ Amount | Pct of 2021 |
| Revenue: | | | | |
| Program revenue: | | | | |
| Charges for services | \$ 1,650,744 | \$ 1,811,201 | \$ (160,457) | -8.9% |
| Operating grants and contributions | 1,837,268 | 2,454,367 | (617,099) | -25.1% |
| Contributions from component unit | 1,800,000 | 2,700,000 | (900,000) | -33.3% |
| General revenue: | | | | |
| Property taxes | 2,804,842 | 2,643,304 | 161,538 | 6.1% |
| Other taxes | 4,268,477 | 3,868,557 | 399,920 | 10.3% |
| Intergovernmental revenue | 377,995 | 322,449 | 55,546 | 17.2% |
| Gain(loss) on sale of capital assets | 5,260 | 25,887 | (20,627) | -79.7% |
| Miscellaneous | 169,636 | 132,021 | 37,615 | 28.5% |
| Investment earnings | (340,012) | 21,046 | (361,058) | -1715.6% |
| Settlement income | 3,818,907 | - | 3,818,907 | 0.0% |
| Total revenues | 16,393,117 | 13,978,832 | 2,414,285 | 17.3% |
| Expenses: | | | | |
| Governmental activities: | | | | |
| General government | 2,616,245 | 3,587,040 | (970,795) | -27.1% |
| Public safety | 3,534,932 | 3,744,458 | (209,526) | -5.6% |
| Transportation | 1,000,735 | 487,809 | 512,926 | 105.1% |
| Economic environment | 447,872 | 498,279 | (50,407) | -10.1% |
| Culture and recreation | 2,563,560 | 2,773,276 | (209,716) | -7.6% |
| Interest | 709,064 | 494,550 | 214,514 | 43.4% |
| Total expenses | 10,872,408 | 11,585,412 | (713,004) | -6.2% |
| Change in net position before transfers | 5,520,709 | 2,393,420 | 3,127,289 | 130.7% |
| Transfers | 1,133,845 | 739,791 | 394,054 | 53.3% |
| Change in net position | \$ 6,654,554 | \$ 3,133,211 | \$ 3,521,343 | 112.4% |

For comparative purposes, total revenues for government activities increased \$2,414,285 or 17.3% over the prior fiscal year. The largest portion of this increase is related to settlement proceeds received during the year, which were associated with financing transactions initiated by the City's GBFS department in 1985. Certain amounts were remarketed in 2010 as part of a loan transaction with the City of Miami Beach, Florida, and the settlement proceeds represent the receipt of certain reserve funds on debt that was paid in full.

City of Gulf Breeze, Florida Management's Discussion and Analysis

Contributions from component unit decreased by \$900,000 over the prior year or approximately 33.3%. The CTA is reported as a discretely presented component unit of the City and issues separate financial statements. The funding received for the fiscal year ending September 30, 2022, decreased from \$2,700,000 in the prior fiscal year to \$1,800,000. The CTA provided \$1,000,000 towards overall City operations to help maintain the low millage rate within the City limits.

Property taxes increased by \$161,538 or 6.1% while the millage rate remained consistent. Intergovernmental revenues increased by \$55,546 or 17.2%, primarily from County gasoline taxes. Other taxes increased by \$399,920 or 10.3%, with the increased revenues due to an increase in tourist development taxes and electricity franchise fees and municipal taxes. Operating grants decreased by \$617,099 or 25.1% primarily related to prior year FEMA reimbursements related to Hurricane Sally.

The City experienced a decrease in charges for services, \$160,457 or 8.9%, which can be attributed to the normalization of recreation/community center programs since the onset of the COVID-19 pandemic.

The corresponding total expenses decreased \$713,004 or approximately 6.2% over the prior year.

The largest spending portion of the governmental activity decrease is approximately \$970,795 or 27.1% related to general government. This decrease is due to prior year expenses incurred related to Hurricane Sally.

The City cultural and recreation expenditures decreased by \$209,716 or 7.6% due to the normalization of recreation/community center programs since the onset of the COVID-19 pandemic as noted similarly with charges for services revenue above.

The largest governmental activity increase in spending is \$512,926 or 105.1% related to Transportation as a result of increased street repair and paving.

Economic environment expenses decreased \$50,407 or 10.1%, primarily related to projects within the tax increment financing district (TIF). Public safety expenses decreased \$209,526 or 5.6%. The governmental expenses related to debt service interest increased \$214,514 or 43.4% related to a full year of additional debt service issued.

City of Gulf Breeze, Florida Management's Discussion and Analysis

Business-type activities before transfers increased the City's net position by \$4,891,868. The key elements of this change are reported in Table 2B, below.

| | Business-type Activities | | Year over year change | |
|---|--------------------------|---------------------|-----------------------|--------------|
| | 2022 | 2021 | \$ Amount | Pct of 2021 |
| Revenue: | | | | |
| Program revenue: | | | | |
| Charges for services: | | | | |
| Water and sewer | \$ 11,512,124 | \$ 10,440,961 | \$ 1,071,163 | 10.3% |
| Natural gas | 3,638,665 | 3,263,937 | 374,728 | 11.5% |
| Tiger Point golf course | - | 633,586 | (633,586) | -100.0% |
| Solid waste control | 878,660 | 897,248 | (18,588) | -2.1% |
| Gulf Breeze Financial Services | 32,645 | 49,550 | (16,905) | -34.1% |
| Other miscellaneous | - | 37,072 | (37,072) | -100.0% |
| Total charges for services | 16,062,094 | 15,322,354 | 739,740 | 4.8% |
| Capital grants and contributions | 983,191 | 2,778,927 | (1,795,736) | -64.6% |
| General revenue: | | | | |
| Other revenues | 250,798 | 237,946 | 12,852 | 5.4% |
| Gain(loss) on sale of capital assets | 2,971,987 | 1,388,596 | 1,583,391 | 114.0% |
| Investment earnings/(losses) | (665,664) | 421,605 | (1,087,269) | -257.9% |
| Total revenues | 19,602,406 | 20,149,428 | 192,718 | 1.0% |
| Expenses: | | | | |
| Business-type activities: | | | | |
| Water and sewer | 10,305,223 | 10,783,792 | (478,569) | -4.4% |
| Natural gas | 3,387,309 | 2,809,930 | 577,379 | 20.5% |
| Tiger Point golf course | - | 881,851 | (881,851) | -100.0% |
| Solid waste control | 939,776 | 877,883 | 61,893 | 7.1% |
| Gulf Breeze Financial Services | 61,685 | 180,558 | (118,873) | -65.8% |
| Innerarity Point | 16,545 | 26,041 | (9,496) | -36.5% |
| Total expenses | 14,710,538 | 15,560,055 | (849,517) | -5.5% |
| Change in net position before transfers | 4,891,868 | 4,589,373 | 1,042,235 | 22.7% |
| Transfers | (1,133,845) | (739,791) | (394,054) | 53.3% |
| Change in net position | \$ 3,758,023 | \$ 3,849,582 | \$ 648,181 | 16.8% |

In the fiscal year ending September 30, 2022, revenues related to charges for services for the business-type activities increased by \$739,740 or 4.8% from the prior fiscal year. The largest part of this increase is from revenues generated by the Water & Sewer department. The Tiger Point Golf Course, which was sold in February 2021, decreased by \$633,586 or 100.0% over the prior fiscal year.

The natural gas operations increased \$374,728 or 11.5%. This increase is due to a greater consumption gas during the year and higher gas costs. Charges for services related to solid waste control, Gulf Breeze Financial Services, and other miscellaneous activities all experienced minor changes from year to year.

City of Gulf Breeze, Florida Management's Discussion and Analysis

Capital grants and contributions decreased \$1,795,736 or 64.6% below the prior fiscal. This decrease is primarily related to decreased requests for sewer taps outside of the City limits. Other revenues for business-type activities increased by approximately \$12,852 or 5.4% over the prior fiscal year. The largest increase is \$1,583,391 or 114% and is related to the 2022 gain on the sale of the Tiger Point Golf Course and Club House.

The enterprise investment earnings decreased \$1,087,269 or 257.9%, with total investment losses of \$665,664. Substantially all of this amount is from the City's blended component unit, GBFS. More information can be gathered by directly contacting GBFS in-writing at 315 Fairpoint Drive, Gulf Breeze, FL 32561. GBFS is a blended component unit of the City and issues separate financial statements. The City established an Investment Policy and Investment Committee in in the later part of 2018, and as a result reserve funds are being invested.

Business-type expenditures decreased \$849,517 or 5.5% below the prior fiscal year. The majority of this decrease \$881,851 or 100.0% is related to the Tiger Point Golf Course.

There were other increases related to expenditures in the Natural Gas Fund of \$577,379 or 20.5%, primarily operational in nature. The expenses associated with the Solid Waste Fund decreased by \$61,893 or 7.1%. Innerarity Point expenses decreased \$9,496 or 36.5%.



City of Gulf Breeze, Florida Management's Discussion and Analysis

Table 2c below provides a comparative analysis of both governmental and business-type activities for the past two fiscal years as it relates to the change in net position.

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 1,650,744 | \$ 1,811,201 | \$ 16,062,094 | \$ 15,322,354 | \$ 17,712,838 | \$ 17,133,555 |
| Operating grants and contributions | 1,837,268 | 2,454,367 | - | - | 1,837,268 | 2,454,367 |
| Contributions from component unit | 1,800,000 | 2,700,000 | - | - | 1,800,000 | 2,700,000 |
| Capital grants and contributions | - | - | 983,191 | 2,778,927 | 983,191 | 2,778,927 |
| General revenue: | | | | | | |
| Property taxes | 2,804,842 | 2,643,304 | - | - | 2,804,842 | 2,643,304 |
| Other taxes | 4,268,477 | 3,868,557 | - | - | 4,268,477 | 3,868,557 |
| Intergovernmental revenue | 377,995 | 322,449 | - | - | 377,995 | 322,449 |
| Gain(loss) on sale of capital assets | 5,260 | 25,887 | 2,971,987 | 1,388,596 | 2,977,247 | 1,414,483 |
| Miscellaneous | 169,636 | 132,021 | 250,798 | 237,946 | 420,434 | 369,967 |
| Investment earnings | (340,012) | 21,046 | (665,664) | 421,605 | (1,005,676) | 442,651 |
| Settlement income | 3,818,907 | - | - | - | 3,818,907 | - |
| Total revenues | 16,393,117 | 13,978,832 | 19,602,406 | 20,149,428 | 35,995,523 | 34,128,260 |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| General government | 2,616,245 | 3,587,040 | - | - | 2,616,245 | 3,587,040 |
| Public safety | 3,534,932 | 3,744,458 | - | - | 3,534,932 | 3,744,458 |
| Transportation | 1,000,735 | 487,809 | - | - | 1,000,735 | 487,809 |
| Economic environemnt | 447,872 | 498,279 | - | - | 447,872 | 498,279 |
| Culture and recreation | 2,563,560 | 2,773,276 | - | - | 2,563,560 | 2,773,276 |
| Interest | 709,064 | 494,550 | - | - | 709,064 | 494,550 |
| Business-type activities: | | | | | | |
| Water and sewer | - | - | 10,305,223 | 10,783,792 | 10,305,223 | 10,783,792 |
| Natural gas | - | - | 3,387,309 | 2,809,930 | 3,387,309 | 2,809,930 |
| Tiger Point golf course | - | - | - | 881,851 | - | 881,851 |
| Solid waste control | - | - | 939,776 | 877,883 | 939,776 | 877,883 |
| Gulf Breeze Financial Services | - | - | 61,685 | 180,558 | 61,685 | 180,558 |
| Innerarity Point | - | - | 16,545 | 26,041 | 16,545 | 26,041 |
| Total expenses | 10,872,408 | 11,585,412 | 14,710,538 | 15,560,055 | 25,582,946 | 27,145,467 |
| Change in net position before transfers | 5,520,709 | 2,393,420 | 4,891,868 | 4,589,373 | 10,412,577 | 6,982,793 |
| Transfers | 1,133,845 | 739,791 | (1,133,845) | (739,791) | - | - |
| Change in net position | 6,654,554 | 3,133,211 | 3,758,023 | 3,849,582 | 10,412,577 | 6,982,793 |
| Net position, beginning of year | 22,454,601 | 19,321,390 | 40,120,041 | 36,270,459 | 62,574,642 | 55,591,849 |
| Net position, end of year | \$ 29,109,155 | \$ 22,454,601 | \$ 43,878,064 | \$ 40,120,041 | \$ 72,987,219 | \$ 62,574,642 |

City of Gulf Breeze, Florida Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Stormwater Fund was established to consolidate all City Council directed funding to a single fund to ensure the funds are spent according to the projects as directed by the Council. The funds currently directed to this fund is the fuel tax, local option sales tax, stormwater fees, and the 2021 Revenue Note.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,252,226, which represents an increase of \$567,639 or 2.3% in comparison with the prior year. Definitions related to fund balance classifications can be found in the notes to the financial statements.

This City's governmental funds ending fund balance largely remained unchanged from year to year in total.

At September 30, 2022, the governmental funds have a total of \$14,386,054 restricted for the following purposes:

| | |
|---------------------------------|--------------|
| Economic Development | \$12,655,708 |
| Debt service requirements | \$658,025 |
| Infrastructure & improvements | \$886,579 |
| Public safety related projects. | \$185,742 |

At September 30, 2022, the governmental funds have a total of \$288,359 committed for the following purposes:

| | |
|-------------------------------------|-----------|
| Insurance Reserve | \$250,000 |
| Beautification projects/landscaping | \$13,441 |
| Park projects | \$24,481 |
| Utility payment assistance | \$437 |

At September 30, 2022, the governmental funds have a total of \$2,127,855 assigned for the following purposes:

| | |
|-----------------------|-------------|
| Public Safety | \$146,703 |
| Disaster Recovery | \$100,000 |
| Stormwater management | \$1,881,152 |

City of Gulf Breeze, Florida Management's Discussion and Analysis

Approximately 33% or \$8,423,814 of the governmental fund balances remain unassigned by the government and \$26,144 is non-spendable as it is set-aside for inventory and prepaid items. At this time, the City does not have a formal minimum fund balance policy but will be developing additional financial policies over the next few years. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. The unassigned fund balance of \$8,423,814 represents 81.6% of the total General Fund expenditures of \$10,325,657 at the fiscal year ending September 30, 2022.

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance totaled \$8.4 million while total fund balance totaled \$10.3 million. The fund balance of the City's general fund increased by \$2.5 million during the current fiscal year. This increase is primarily due to the receipt of settlement funds as a result of a refinance transaction associated with a Gulf Breeze Financial Services conduit debt issuance from the 1980's.

At the end of the current fiscal year, assigned fund balance in the stormwater fund totaled \$1.9 million while total fund balance totaled \$2.0 million. The fund balance of the City's stormwater fund decreased by \$1.7 million during the current fiscal year. This decrease is primarily due to the capital outlay and other expenditures, which outpaced taxes and other revenues in the current year.

The CRA Fund is used specifically for improvements within the City's defined commercial TIF district. Long-term planning and projects within the district are managed by the CRA as defined in the CRA plan. The CRA plan is approved by Santa Rosa County taxing authorities and City Council Resolution 19-89, as required under Chapter 163, Part III, Florida Statutes. These tax revenues are also used to support and enhance economic development within the district, some of these costs include traffic management, lighting and landscaping costs. The fiscal year end fund balance in the CRA is \$11,481,361 and these funds will be used towards projects as based on the renewed 30-year plan submitted to the Florida Department of Economic Opportunity in 2020.

Proprietary Funds - A government's proprietary funds can be classified into two fund types: enterprise funds and internal service funds. In the case of the City, enterprise funds are used to report activities for which a fee is charged to external users for goods or services. Furthermore, a given activity must be accounted for in an enterprise fund if it meets any of the following criteria: (1) there is outstanding debt that is backed solely by fees and charges; (2) laws or regulations require that fees and charges be set to recover costs, including capital costs (depreciation or debt service); or (3) there is a pricing policy that fees and charges be set to recover costs, including capital costs (depreciation or debt service).

Enterprise fund accounting is designed to highlight the extent to which fees and charges are sufficient to cover the cost of providing goods and services.

City of Gulf Breeze, Florida Management's Discussion and Analysis

Unrestricted net position of the proprietary funds of the City of Gulf Breeze totaled \$27,643,342 at the end of the fiscal year, which represents an increase of \$1,402,045 above the prior fiscal year. The following table illustrates the unrestricted net position for proprietary funds at fiscal year ended September 30, 2022 and 2021.

| <i>September 30,</i> | 2022 | 2021 |
|---------------------------------|---------------|---------------|
| Water and sewer fund | \$ 19,609,478 | \$ 16,168,539 |
| Natural gas fund | (2,210) | 17,448 |
| Gulf Breeze Financial Services | 9,340,787 | 10,017,246 |
| Non-major proprietary funds | (92,314) | 38,064 |
| Total unrestricted net position | \$ 28,855,741 | \$ 26,241,297 |

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final amended budget for the fiscal year showed budgeted expenditures of \$15,880,020 and actual expenditures were \$10,325,657, for a difference of \$5,554,363. The City is allowed at any time within a fiscal year or within (60) days following the end of the fiscal year to amend a budget for that year. In order to comply with this requirement, the final budget amendment for the fiscal year ending September 30, 2022, was adopted by Council on November 7, 2022. Some estimates were used for the final budget and once the final audited figures were calculated the difference between the final actual expenditures to the budget estimates was not material.

The General Fund final budgeted revenues exceeded the actual revenues by \$475,414. Because estimates are often used for closing the books at the fiscal year end, the final audited figures to the final amended budget are not considered material to an overall \$7,496,443 budget for the fiscal year ending September 30, 2022.

The highlights of the budgetary changes are as follows:

The original fiscal year General Fund adopted budget was \$11,660,478 and the final amended budget was \$15,880,020, for a difference of \$4,219,542 or approximately 36.2% more than the original adopted budget. The change from the original adopted budget to final adopted budget is primarily due to costs associated with capital outlay expenditures. Costs in other expenditure categories comprise approximately \$500,000 of changes or approximately 7%.

The Council has established the level of budgetary control at the fund and budget classification level. The City Manager and the Director of Finance are authorized to transfer budgeted amounts within departments and within budget categories in the same fund; however, any revisions that alter the total expenditures of any fund or are outside of the budgeted categories must be approved by City Council. The City Council approves budget changes throughout the fiscal year and the Director of Finance prepares quarterly budget Resolutions to ratify budgetary changes approved by Council.

City of Gulf Breeze, Florida
Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ACTIVITY

Capital Assets

A year over year comparison of capital asset balances is as follows:

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 1,665,972 | \$ 1,683,971 | \$ 2,663,827 | \$ 2,663,827 | \$ 4,329,799 | \$ 4,347,798 |
| Construction in progress | 7,782,897 | 2,110,854 | 3,326,575 | 2,197,230 | 11,109,472 | 4,308,084 |
| Buildings and improvements | 12,604,336 | 12,600,750 | 681,161 | 609,663 | 13,285,497 | 13,210,413 |
| Improvements other than buildings | 17,475,612 | 17,237,378 | 10,263,810 | 10,262,901 | 27,739,422 | 27,500,279 |
| Infrastructure | 8,471,929 | 8,226,308 | 49,265,610 | 49,577,418 | 57,737,539 | 57,803,726 |
| Machinery and equipment | 7,290,826 | 7,334,926 | 7,632,531 | 7,159,677 | 14,923,357 | 14,494,603 |
| Accumulated depreciation | (30,922,232) | (29,204,101) | (50,929,169) | (48,456,947) | (81,851,401) | (77,661,048) |
| Net position, end of year | \$ 24,369,340 | \$ 19,990,086 | \$ 22,904,345 | \$ 24,013,769 | \$ 47,273,685 | \$ 44,003,855 |

The increase in the City of Gulf Breeze's total investment in capital assets for the current fiscal year was \$7,460,183 or approximately 6.1% above the prior year total investment. The accumulated depreciation related to capital assets increased \$4,190,353 or 5.4% above the prior fiscal year. Overall, the total investment in capital assets decreased by \$3,269,830 or 7.4% (net investment less depreciation). As components of this change, government assets increased by \$6,097,385 for a 12.4% increase and accumulated depreciation increased \$1,718,131 or 5.9%, for a total increase in investment of fixed assets of \$4,379,254 or 21.9%. Business-type assets increased \$1,362,798 or 1.9% above the prior year total investment and accumulated depreciation increased \$2,472,222 or 5.1% for a total combined decrease of \$1,109,424 or 4.6%. Some of the major changes in capital assets are summarized below.

- Scheduled depreciation of existing assets exceeded additional investment in capital assets for business-type assets,
- Significant progress was made on design and construction of the Police Department building. Completion is anticipated in fiscal year 2023.

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

Long-term Debt

At the end of the current fiscal year, the City had total long-term debt of \$31,680,908, which includes a total of \$2,038,014 that is due within one year. Governmental debt is to be repaid from general government revenues. Business-type obligations are secured by specified revenue sources.

City of Gulf Breeze, Florida Management's Discussion and Analysis

A year over year comparison of non-current liability balances is as follows:

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue bonds | \$ 20,224,769 | \$ 21,059,048 | \$ 6,531,664 | \$ 6,980,525 | \$ 26,756,433 | \$ 28,039,573 |
| State revolving loan | - | - | 529,610 | 580,036 | 529,610 | 580,036 |
| Notes payable | - | - | 1,212,579 | 1,367,144 | 1,212,579 | 1,367,144 |
| Financing lease obligation | - | - | 1,144,272 | 1,634,767 | 1,144,272 | 1,634,767 |
| Compensated absences | 200,603 | 292,145 | 157,903 | 178,194 | 358,506 | 470,339 |
| Net position, end of year | \$ 20,425,372 | \$ 21,351,193 | \$ 9,576,028 | \$ 10,740,666 | \$ 30,001,400 | \$ 32,091,859 |

The City did not issue any new debt instruments during the year ended September 30, 2022. The governmental bonds and business-type debt instruments all declined during the year as a result of scheduled periodic debt service.

There are no limitations placed upon the amount of debt the City may issue either by the City's charter, code of ordinances or by Florida Statutes. Additional information on the City's long-term obligations can be found in Note 11 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Total assessed property values within the City increased approximately 12% over the prior tax year from \$962,078,234 to \$1,079,421,861.
- Per capita income increased from \$57,072 to \$70,124 or approximately 22% above the prior fiscal year.
- Budgeted capital expenditures increased approximately 400% from approximately \$13.9 million in fiscal year ending September 30, 2021 to \$70.7 million for fiscal year ending September 30, 2022.

Major capital projects for the upcoming fiscal year include:

- Underground Utilities \$2,914,697.
- Highway 98 Overpass \$2,350,000
- Wayside Park Upgrades \$205,745
- Other Highlights:
 - The County taxing authority approved, and the Council adopted by Ordinance in 2018, a new thirty-year CRA planning document. This plan is projected to bring \$52,600,000 in additional tax revenues to the City over the next thirty years and was submitted to the Florida Department of Economic Opportunity in 2019.
 - The fiscal year ending September 30, 2020, includes wage study related to all governmental and business-type activity employees with an initial projected cost of approximately \$657,500.

City of Gulf Breeze, Florida Management's Discussion and Analysis

- Council formed a stormwater task force and the task force initiated three feasibility studies for projects and the East District Stormwater project was selected as priority.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 1070 Shoreline Drive, Gulf Breeze, Florida 32561.

The City's website address is www.cityofgulfbreeze.com.

City of Gulf Breeze, Florida
Basic Financial Statements

City of Gulf Breeze, Florida
Statement of Net Position
Exhibit I

| | Primary Government | | | |
|---|--------------------|---------------|---------------|--------------|
| | Governmental | Business-type | | Component |
| September 30, 2022 | Activities | Activities | Total | Unit |
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 9,889,835 | \$ 15,169,434 | \$ 25,059,269 | \$ 4,038,584 |
| Investments | 3,851,203 | 9,233,162 | 13,084,365 | - |
| Receivables, net | 390,578 | 1,774,037 | 2,164,615 | 102,798 |
| Internal balances | 553,000 | (553,000) | - | - |
| Due from other governments | 456,093 | - | 456,093 | - |
| Prepaid items | - | - | - | 24,534 |
| Inventory, at cost | 26,144 | 383,402 | 409,546 | - |
| Restricted assets | | | | |
| Cash and cash equivalents | 14,075,156 | 2,187,660 | 16,262,816 | - |
| Total current assets | 29,242,009 | 28,194,695 | 57,436,704 | 4,165,916 |
| Non-current assets: | | | | |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 57,595 | 57,595 | - |
| Other assets: | | | | |
| Investment in limited liability company | - | 21,095 | 21,095 | - |
| Bond issuance costs, net | 29,647 | 19,690 | 49,337 | - |
| Investment in joint venture | - | 5,723,684 | 5,723,684 | - |
| Net pension asset | 1,142,621 | - | 1,142,621 | - |
| Capital assets: | | | | |
| Non-depreciable | 9,448,869 | 5,990,402 | 15,439,271 | - |
| Depreciable | 14,920,471 | 16,913,943 | 31,834,414 | - |
| Total non-current assets | 25,541,608 | 28,726,409 | 54,268,017 | - |
| Total assets | 54,783,617 | 56,921,104 | 111,704,721 | 4,165,916 |
| Deferred Outflows of Resources | | | | |
| Deferred outflows related to pensions | 2,984,780 | - | 2,984,780 | - |
| Total deferred outflows of resources | 2,984,780 | - | 2,984,780 | - |

(Continued)

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Net Position (Continued)
Exhibit I

| | Primary Government | | | |
|--|----------------------|----------------------|----------------------|---------------------|
| | Governmental | Business-type | | Component |
| September 30, 2022 | Activities | Activities | Total | Unit |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,303,891 | 660,693 | 1,964,584 | 211,664 |
| Accrued liabilities | 6,120 | 17,622 | 23,742 | - |
| Accrued interest | - | 174,566 | 174,566 | - |
| Unearned revenue | 2,655,204 | - | 2,655,204 | 13,893 |
| Due to other governments | 24,568 | 846 | 25,414 | 6,193 |
| Compensated absences | 126,451 | 99,535 | 225,986 | - |
| Notes payable | - | 154,564 | 154,564 | - |
| State revolving loan payable | - | 75,073 | 75,073 | - |
| Revenue bonds payable | 600,621 | 448,861 | 1,049,482 | - |
| Capital lease payable | - | 490,495 | 490,495 | - |
| Payable from restricted assets: | | | | |
| Accrued interest | 241,045 | - | 241,045 | - |
| Customer deposits | - | 1,278,215 | 1,278,215 | - |
| Revenue bonds payable | 268,400 | - | 268,400 | - |
| Total current liabilities | 5,226,300 | 3,400,470 | 8,626,770 | 231,750 |
| Non-current liabilities | | | | |
| Compensated absences | 200,603 | 157,903 | 358,506 | - |
| Notes payable | - | 1,212,579 | 1,212,579 | - |
| State revolving loan payable | - | 529,610 | 529,610 | - |
| Revenue bonds payable | 20,224,769 | 6,531,664 | 26,756,433 | - |
| Capital lease payable | - | 1,144,272 | 1,144,272 | - |
| Net OPEB liability | 69,870 | 66,542 | 136,412 | - |
| Net pension liability | - | - | - | - |
| | 20,495,242 | 9,642,570 | 30,137,812 | - |
| Total liabilities | 25,721,542 | 13,043,040 | 38,764,582 | 231,750 |
| Deferred Inflows of Resources | | | | |
| Deferred inflows related to pensions | 2,937,700 | - | 2,937,700 | - |
| Total deferred inflows of resources | 2,937,700 | - | 2,937,700 | - |
| Net Position | | | | |
| Net investment in capital assets | 14,241,450 | 12,317,227 | 26,558,677 | - |
| Restricted for | | | | |
| Public safety | 185,742 | - | 185,742 | - |
| Community redevelopment | 1,958,208 | - | 1,958,208 | - |
| Debt service | 658,025 | 1,205,096 | 1,863,121 | - |
| Infrastructure | 886,579 | - | 886,579 | - |
| DEP-required capital improvement | - | 1,500,000 | 1,500,000 | - |
| Unrestricted | 11,179,151 | 28,855,741 | 40,034,892 | 3,934,166 |
| Total net position | \$ 29,109,155 | \$ 43,878,064 | \$ 72,987,219 | \$ 3,934,166 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Activities
Exhibit II

For the year ended September 30, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|--------------------------------------|--|--|
| | | Charges for Services and Fines | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental activities | | | | |
| General government | \$ 2,616,245 | \$ 659,114 | \$ 3,372,649 | \$ - |
| Public safety | 3,534,932 | 641,240 | 196,286 | - |
| Transportation | 1,000,735 | - | - | - |
| Economic environment | 447,872 | - | - | - |
| Culture and recreation | 2,563,560 | 350,390 | 68,333 | - |
| Interest | 709,064 | - | - | - |
| Total governmental activities | 10,872,408 | 1,650,744 | 3,637,268 | - |
| Business-type activities | | | | |
| Water and sewer | 10,305,223 | 11,512,124 | - | 983,191 |
| Natural gas | 3,387,309 | 3,638,665 | - | - |
| Solid waste control | 939,776 | 878,660 | - | - |
| Gulf Breeze Financial Services | 61,685 | 32,645 | - | - |
| Other miscellaneous | 16,545 | - | - | - |
| Total business-type activities | 14,710,538 | 16,062,094 | - | 983,191 |
| Total primary government | \$ 25,582,946 | \$ 17,712,838 | \$ 3,637,268 | \$ 983,191 |
| Component Unit | | | | |
| Capital Trust Agency and affiliates | \$ 2,876,563 | \$ 2,562,750 | \$ - | \$ - |

General revenues and transfers

Taxes

Property taxes, levied for general purposes

Tourist development taxes

Fuel taxes

Franchise taxes

Communication service taxes

Utility service taxes

Sales taxes

Intergovernmental, unrestricted

Gain from sale of capital assets

Miscellaneous

Unrestricted investments earnings/(loss)

Settlement revenue

Total general revenues

Transfers

Change in net position

Net position, beginning of year as previously reported

Net position, end of year

The accompanying notes are an integral part of these financial statements.

| Net (Expense) Revenue and Changes in Net Position | | | | |
|---|-----------------------------|---------------|-------------------|--|
| Primary Government | | | | |
| Governmental Activities | Business-type Activities | Total | Component Unit | |
| \$ 1,415,518 | \$ - | \$ 1,415,518 | \$ - | |
| (2,697,406) | - | (2,697,406) | - | |
| (1,000,735) | - | (1,000,735) | - | |
| (447,872) | - | (447,872) | - | |
| (2,144,837) | - | (2,144,837) | - | |
| (709,064) | - | (709,064) | - | |
| (5,584,396) | - | (5,584,396) | - | |
| - | 2,190,092 | 2,190,092 | - | |
| - | 251,356 | 251,356 | - | |
| - | (61,116) | (61,116) | - | |
| - | (29,040) | (29,040) | - | |
| - | (16,545) | (16,545) | - | |
| - | 2,334,747 | 2,334,747 | - | |
| (5,584,396) | 2,334,747 | (3,249,649) | - | |
| - | - | - | (313,813) | |
| 2,804,842 | - | 2,804,842 | - | |
| 735,831 | - | 735,831 | - | |
| 241,862 | - | 241,862 | - | |
| 785,376 | - | 785,376 | - | |
| 423,004 | - | 423,004 | - | |
| 1,203,798 | - | 1,203,798 | - | |
| 878,606 | - | 878,606 | - | |
| 377,995 | - | 377,995 | - | |
| 5,260 | 2,971,987 | 2,977,247 | - | |
| 169,636 | 250,798 | 420,434 | - | |
| (340,012) | (665,664) | (1,005,676) | 4,526 | |
| 3,818,907 | - | 3,818,907 | - | |
| 11,105,105 | 2,557,121 | 13,662,226 | 4,526 | |
| 1,133,845 | (1,133,845) | - | - | |
| 6,654,554 | 3,758,023 | 10,412,577 | (309,287) | |
| 22,454,601 | 40,120,041 | 62,574,642 | 4,243,453 | |
| \$ 29,109,155 | \$ 43,878,064 | \$ 72,987,219 | \$ 3,934,166 | |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Balance Sheet – Governmental Funds
Exhibit III-A

| <i>September 30, 2022</i> | General | Urban Core Redevelopment | Stormwater | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------|---------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 6,787,522 | \$ - | \$ 2,808,588 | \$ 293,725 | \$ 9,889,835 |
| Investments | 3,851,203 | - | - | - | 3,851,203 |
| Receivables, net | 331,420 | - | 59,158 | - | 390,578 |
| Interfund receivables | 1,070,116 | - | - | 6,897 | 1,077,013 |
| Due from other governments | 103,696 | 4,995 | 115,041 | 232,361 | 456,093 |
| Prepaid items | - | - | - | - | - |
| Inventory | 16,470 | - | 9,674 | - | 26,144 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 1,448,396 | 11,486,440 | 96,208 | 1,044,112 | 14,075,156 |
| Total assets | \$ 13,608,823 | \$ 11,491,435 | \$ 3,088,669 | \$ 1,577,095 | \$ 29,766,022 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 653,016 | \$ 10,074 | \$ 601,506 | \$ 39,295 | \$ 1,303,891 |
| Accrued liabilities | 5,991 | - | 129 | - | 6,120 |
| Unearned revenue | 2,655,204 | - | - | - | 2,655,204 |
| Interfund payables | 1,580 | - | 500,000 | 22,433 | 524,013 |
| Due to other governments | - | - | - | 24,568 | 24,568 |
| Total liabilities | 3,315,791 | 10,074 | 1,101,635 | 86,296 | 4,513,796 |
| Fund balances | | | | | |
| Nonspendable | | | | | |
| Inventories and prepaids | 16,470 | - | 9,674 | - | 26,144 |
| Restricted for | | | | | |
| Public safety | - | - | - | 185,742 | 185,742 |
| Community redevelopment | - | 11,481,361 | - | 1,174,347 | 12,655,708 |
| Debt service | 561,817 | - | 96,208 | - | 658,025 |
| Infrastructure | 886,579 | - | - | - | 886,579 |
| Committed for | | | | | |
| Community funds | 437 | - | - | - | 437 |
| Self-insurance | 250,000 | - | - | - | 250,000 |
| Beautification | 13,441 | - | - | - | 13,441 |
| Parks subdivision | 24,481 | - | - | - | 24,481 |
| Assigned for | | | | | |
| Disaster recovery | 100,000 | - | - | - | 100,000 |
| Public safety | 15,993 | - | - | 130,710 | 146,703 |
| Stormwater management | - | - | 1,881,152 | - | 1,881,152 |
| Unassigned | 8,423,814 | - | - | - | 8,423,814 |
| Total fund balances | 10,293,032 | 11,481,361 | 1,987,034 | 1,490,799 | 25,252,226 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 13,608,823 | \$ 11,491,435 | \$ 3,088,669 | \$ 1,577,095 | \$ 29,766,022 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Reconciliation of the Balance Sheet to the Statement of Net Position –
Governmental Funds
Exhibit III-B

September 30, 2022

| | | |
|--|---------------------|-------------------|
| Total fund balances - governmental funds | \$ | 25,252,226 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Bond issuance costs are not financial resources and therefore are not reported in the governmental funds. | | 29,647 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Governmental capital assets | \$ | 55,291,572 |
| Less accumulated depreciation and amortization | <u>(30,922,232)</u> | 24,369,340 |
| Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting. | | 2,984,780 |
| Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting. | | (2,937,700) |
| Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Revenue bonds payable | \$ | (21,093,790) |
| Accrued interest | | (241,045) |
| Compensated absences | | (327,054) |
| Net pension asset/(liability) | | 1,142,621 |
| Net OPEB liability | | <u>(69,870)</u> |
| Net position of governmental activities | \$ | <u>29,109,155</u> |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Exhibit IV-A

| <i>September 30, 2022</i> | General | Urban Core Redevelopment | Stormwater | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------|---------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes | \$ 3,938,356 | \$ 1,278,664 | \$ 1,120,468 | \$ 735,831 | \$ 7,073,319 |
| Licenses and permits | 97,768 | - | - | - | 97,768 |
| Intergovernmental | 2,126,190 | 19,346 | 39,503 | 30,224 | 2,215,263 |
| Charges for services | 425,687 | - | 486,049 | - | 911,736 |
| Fines and forfeitures | 110,536 | - | - | 530,704 | 641,240 |
| Investment earnings/(loss) | (340,343) | - | - | 331 | (340,012) |
| Contributions from component unit | 1,000,000 | - | 800,000 | - | 1,800,000 |
| Miscellaneous | 138,249 | - | 22,279 | 9,108 | 169,636 |
| Settlement proceeds | 3,818,907 | - | - | - | 3,818,907 |
| Total revenues | 11,315,350 | 1,298,010 | 2,468,299 | 1,306,198 | 16,387,857 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 1,380,416 | 329,969 | 604,689 | 2,050 | 2,317,124 |
| Public safety | 3,268,453 | - | - | 269,821 | 3,538,274 |
| Transportation | - | - | 1,116,993 | - | 1,116,993 |
| Economic environment | 317,191 | - | - | - | 317,191 |
| Culture and recreation | 1,962,514 | - | - | 49,712 | 2,012,226 |
| Capital outlay | 2,848,999 | 255,668 | 3,062,248 | 18,848 | 6,185,763 |
| Debt service | | | | | |
| Principal | 250,615 | 401,250 | 182,910 | - | 834,775 |
| Interest | 297,469 | 184,129 | 155,379 | - | 636,977 |
| Total expenditures | 10,325,657 | 1,171,016 | 5,122,219 | 340,431 | 16,959,323 |
| Excess (deficiency) of revenues over (under) expenditures | 989,693 | 126,994 | (2,653,920) | 965,767 | (571,466) |
| Other Financing Sources (Uses) | | | | | |
| Sale of property | 5,260 | - | - | - | 5,260 |
| Transfers in | 2,210,337 | - | 1,111,103 | - | 3,321,440 |
| Transfers out | (718,699) | (798,395) | (117,101) | (553,400) | (2,187,595) |
| Net other financing sources (uses) | 1,496,898 | (798,395) | 994,002 | (553,400) | 1,139,105 |
| Net change in fund balances | 2,486,591 | (671,401) | (1,659,918) | 412,367 | 567,639 |
| Fund balances, beginning of year | 7,806,441 | 12,152,762 | 3,646,952 | 1,078,432 | 24,684,587 |
| Fund balances, end of year | \$ 10,293,032 | \$ 11,481,361 | \$ 1,987,034 | \$ 1,490,799 | \$ 25,252,226 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities – Governmental Funds**

Exhibit IV-B

| <i>For the year ended December 31,</i> | 2022 |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 567,639 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period. | 4,379,254 |
| Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 834,775 |
| The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements. | (54,294) |
| Amortization of bond discounts and bond issuance costs, reported in the Statement of Activities, does not require the use of current financial resources, therefore, it is not reported as an expenditure in governmental funds | (17,792) |
| Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year. | 10,404 |
| Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds. | (6,148) |
| Net pension asset/liability reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds. | 940,716 |
| Change in net position of governmental activities | \$ 6,654,554 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Net Position - Proprietary Funds
Exhibit V

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|------------------|--------------------------------------|-----------------------------------|-------------------|
| | Water & Sewer | Natural Gas | Gulf Breeze Financial Services | Non-Major Proprietary Funds | Total |
| <i>September 30, 2022</i> | | | | | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 14,789,036 | \$ 216,961 | \$ 154,328 | \$ 9,109 | \$ 15,169,434 |
| Investments | 67,798 | - | 9,165,364 | - | 9,233,162 |
| Receivables, net | 1,346,142 | 332,503 | - | 95,392 | 1,774,037 |
| Interfund receivables | - | - | - | - | - |
| Inventory, at cost | 149,682 | 233,720 | - | - | 383,402 |
| Restricted noncurrent assets | | | | | |
| Cash and cash equivalents | 1,894,933 | 280,702 | - | 12,025 | 2,187,660 |
| Total current assets | 18,247,591 | 1,063,886 | 9,319,692 | 116,526 | 28,747,695 |
| Noncurrent assets | | | | | |
| Investment in limited liability company | - | - | 21,095 | - | 21,095 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 57,595 | - | - | - | 57,595 |
| Capital assets, net | | | | | |
| Non-depreciable | 5,673,762 | 316,640 | | | 5,990,402 |
| Depreciable, net | 14,223,658 | 2,652,560 | 37,725 | - | 16,913,943 |
| Total capital assets, net | 19,897,420 | 2,969,200 | 37,725 | - | 22,904,345 |
| Bond issue costs, net | 19,690 | - | - | - | 19,690 |
| Investment in joint venture | 5,723,684 | - | - | - | 5,723,684 |
| Total other assets | 5,743,374 | - | - | - | 5,743,374 |
| Total noncurrent assets | 25,698,389 | 2,969,200 | 58,820 | - | 28,726,409 |
| Total assets | 43,945,980 | 4,033,086 | 9,378,512 | 116,526 | 57,474,104 |

(continued)

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Net Position - Proprietary Funds (Continued)
Exhibit V

| | Business-type Activities - Enterprise Funds | | | | Total |
|-------------------------------------|---|---------------------|--------------------------------------|-----------------------------------|-------------------|
| | Water & Sewer | Natural Gas | Gulf Breeze Financial Services | Non-Major Proprietary Funds | |
| <i>September 30, 2022</i> | | | | | |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 394,138 | 136,558 | - | 129,997 | 660,693 |
| Accrued liabilities | - | 17,622 | - | - | 17,622 |
| Accrued interest | 163,410 | 11,156 | - | - | 174,566 |
| Interfund payables | - | 500,000 | - | 53,000 | 553,000 |
| Due to other governments | - | - | - | 846 | 846 |
| Customer deposits | 944,943 | 321,247 | - | 12,025 | 1,278,215 |
| Compensated absences | 70,209 | 25,597 | - | 3,729 | 99,535 |
| Notes payable | 88,115 | 66,449 | - | - | 154,564 |
| State revolving loan payable | 75,073 | - | - | - | 75,073 |
| Revenue bonds payable | 448,861 | - | - | - | 448,861 |
| Capital lease payable | 490,495 | - | - | - | 490,495 |
| Total current liabilities | 2,675,244 | 1,078,629 | - | 199,597 | 3,953,470 |
| Noncurrent liabilities | | | | | |
| Compensated absences | 111,379 | 40,608 | - | 5,916 | 157,903 |
| Notes payable | 691,274 | 521,305 | - | - | 1,212,579 |
| State revolving loan payable | 529,610 | - | - | - | 529,610 |
| Revenue bonds payable | 6,531,664 | - | - | - | 6,531,664 |
| Capital lease payable | 1,144,272 | - | - | - | 1,144,272 |
| Net OPEB liability | 49,907 | 13,308 | - | 3,327 | 66,542 |
| Total noncurrent liabilities | 9,058,106 | 575,221 | - | 9,243 | 9,642,570 |
| Total liabilities | 11,733,350 | 1,653,850 | - | 208,840 | 13,596,040 |
| Net Position | | | | | |
| Net investment in capital assets | 9,898,056 | 2,381,446 | 37,725 | - | 12,317,227 |
| Restricted for | | | | | |
| Debt service | 1,205,096 | - | - | - | 1,205,096 |
| DEP-required capital improvement | 1,500,000 | - | - | - | 1,500,000 |
| Unrestricted | 19,609,478 | (2,210) | 9,340,787 | (92,314) | 28,855,741 |
| Total net position | \$ 32,212,630 | \$ 2,379,236 | \$ 9,378,512 | \$ (92,314) | 43,878,064 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
Exhibit VI

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|---------------------|--------------------------------------|-----------------------------------|----------------------|
| | Water & Sewer | Natural Gas | Gulf Breeze Financial Services | Non-Major Proprietary Funds | Total |
| <i>For the year ended September 30, 2022</i> | | | | | |
| Operating Revenues | | | | | |
| Charges for services | | | | | |
| Utilities | \$ 10,779,308 | \$ 3,638,665 | \$ - | \$ 878,660 | \$ 15,296,633 |
| Financial services | - | - | 32,645 | - | 32,645 |
| Total charges for services | 10,779,308 | 3,638,665 | 32,645 | 878,660 | 15,329,278 |
| Operating Expenses | | | | | |
| Personal services | 3,071,147 | 1,188,582 | - | 225,959 | 4,485,688 |
| Contractual services | 1,886,765 | 1,361,308 | - | 723,485 | 3,971,558 |
| Supplies | 694,126 | 351,814 | - | 1,006 | 1,046,946 |
| Professional services | 306,504 | 28,679 | 53,726 | 6,388 | 395,297 |
| Repairs and maintenance | 1,160,272 | 27,182 | - | 250 | 1,187,704 |
| Office and utilities | 695,256 | 53,203 | 94 | (767) | 747,786 |
| Depreciation and amortization | 2,105,167 | 359,188 | 7,865 | | 2,472,220 |
| Total operating expenses | 9,919,237 | 3,369,956 | 61,685 | 956,321 | 14,307,199 |
| Operating income (loss) | 860,071 | 268,709 | (29,040) | (77,661) | 1,022,079 |
| Nonoperating Revenues (Expenses) | | | | | |
| Investment earnings/(loss) | (10,378) | - | (655,286) | - | (665,664) |
| Interest expense | (385,986) | (17,353) | - | - | (403,339) |
| Income from joint venture | 732,816 | - | - | - | 732,816 |
| Grant income | 57,417 | - | - | - | 57,417 |
| Miscellaneous | 219,044 | 31,384 | - | 370 | 250,798 |
| Gain from sale of capital assets | 2,971,987 | - | - | - | 2,971,987 |
| Total nonoperating revenues (expenses) | 3,584,900 | 14,031 | (655,286) | 370 | 2,944,015 |
| Income (Loss) Before Transfers and Capital Contributions | | | | | |
| Transfers in | 169,140 | - | - | - | 169,140 |
| Transfers out | (911,796) | (338,102) | - | (53,087) | (1,302,985) |
| Capital contributions | 925,774 | - | - | - | 925,774 |
| Total transfers and capital contributions | 183,118 | (338,102) | - | (53,087) | (208,071) |
| Change in net position | 4,628,089 | (55,362) | (684,326) | (130,378) | 3,758,023 |
| Net position, beginning of year | 27,584,541 | 2,434,598 | 10,062,838 | 38,064 | 40,120,041 |
| Net position, end of year | \$ 32,212,630 | \$ 2,379,236 | \$ 9,378,512 | \$ (92,314) | \$ 43,878,064 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Cash Flows – Proprietary Funds
Exhibit VII

| | Business-type Activities - Enterprise Funds | | | | | |
|---|---|----------------|--------------------------------------|-----------------------------------|---------------|--|
| | Water & Sewer | Natural Gas | Gulf Breeze Financial Services | Non-Major Proprietary Funds | Total | |
| September 30, 2022 | | | | | | |
| Operating Activities | | | | | | |
| Cash received from customers for sales and services | \$ 11,754,181 | \$ 4,278,415 | \$ 63,745 | \$ 912,532 | \$ 17,008,873 | |
| Cash payments to employees | (3,364,140) | (1,206,172) | - | (233,213) | (4,803,525) | |
| Cash payments to suppliers for goods and services | (4,467,498) | (1,816,682) | (74,963) | (692,520) | (7,051,663) | |
| Cash payments from (to) other funds | - | (500,000) | (654,000) | - | (1,154,000) | |
| Net cash provided by (used in) operating activities | 3,922,543 | 755,561 | (665,218) | (13,201) | 3,999,685 | |
| Noncapital Financing Activities | | | | | | |
| Receipts for other non-operating revenues | 219,044 | 31,384 | | 370 | 250,798 | |
| Cash transfers out to other funds | (742,656) | (338,102) | - | (53,087) | (1,133,845) | |
| Net cash used in noncapital financing activities | (523,612) | (306,718) | - | (52,717) | (883,047) | |
| Capital and Related Financing Activities | | | | | | |
| Proceeds from sale of capital assets | 2,971,987 | - | - | - | 2,971,987 | |
| Acquisition of capital assets | (1,103,924) | (258,875) | - | - | (1,362,799) | |
| Proceeds for capital grants and contributions | 983,191 | - | - | - | 983,191 | |
| Principal paid on note payable | (85,674) | (64,609) | - | - | (150,283) | |
| Principal paid on state revolving loan | (48,188) | - | - | - | (48,188) | |
| Principal paid on bonds payable | (433,985) | - | - | - | (433,985) | |
| Principal paid on lease liabilities | (442,721) | - | - | - | (442,721) | |
| Interest paid on long-term debt and lease liabilities | (393,643) | (18,592) | - | - | (412,235) | |
| Net cash provided by (used in) capital and related financing activities | 1,447,043 | (342,076) | - | - | 1,104,967 | |
| Investing Activities | | | | | | |
| Investment income/(loss) | (10,378) | - | 314,173 | - | 303,795 | |
| Proceeds from sale/maturity of investments | 2,557 | - | 252,247 | - | 254,804 | |
| Net cash provided by (used in) investing activities | (7,821) | - | 566,420 | - | 558,599 | |
| Net increase (decrease) in cash and cash equivalents | 4,838,153 | 106,767 | (98,798) | (65,918) | 4,780,204 | |
| Cash and cash equivalents, beginning of year | 11,903,411 | 390,896 | 253,126 | 87,052 | 12,634,485 | |
| Cash and cash equivalents, end of year | \$ 16,741,564 | \$ 497,663 | \$ 154,328 | \$ 21,134 | \$ 17,414,689 | |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Cash Flows – Proprietary Funds (Continued)
Exhibit VII

| | Business-type Activities - Enterprise Funds | | | | | |
|---|---|----------------|--------------------------------------|-----------------------------------|-------|-------------|
| | Water & Sewer | Natural Gas | Gulf Breeze Financial Services | Non-Major Proprietary Funds | Total | |
| September 30, 2022 | | | | | | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | | | |
| Operating income (loss) | \$ 860,071 | \$ 268,709 | \$ (29,040) | \$ (77,661) | | 1,022,079 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | | | |
| Depreciation | 2,110,794 | 359,188 | 7,867 | - | | 2,477,849 |
| Change in assets, deferred outflows, liabilities and deferred inflows | | | | | | |
| (Increase) decrease in assets and deferred outflows | | | | | | |
| Accounts receivable | 97,558 | 52,427 | 3,958 | 28,472 | | 182,415 |
| Due from other governments | 877,315 | 587,323 | 27,142 | 5,400 | | 1,497,180 |
| Inventory | (64,574) | (9,905) | - | - | | (74,479) |
| Increase (decrease) in liabilities and deferred inflows | | | | | | |
| Accounts payable | 111,065 | (11,191) | - | 32,682 | | 132,556 |
| Accrued payroll and related liabilities | (341,986) | (24,586) | (21,145) | (7,254) | | (394,971) |
| Interfund payables | | (500,000) | (654,000) | - | | (1,154,000) |
| Customer deposits | 223,307 | 26,600 | - | - | | 249,907 |
| Compensated absences | 37,521 | 9,871 | - | 2,844 | | 50,236 |
| Total OPEB liability | 11,472 | (2,875) | - | 2,316 | | 10,913 |
| Total adjustments | 3,062,472 | 486,852 | (636,178) | 64,460 | | 2,977,606 |
| Net cash provided by operating activities | \$ 3,922,543 | \$ 755,561 | \$ (665,218) | \$ (13,201) | \$ | 3,999,685 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Fiduciary Net Position – Fiduciary Funds
Exhibit VIII

| <i>September 30, 2022</i> | Police Officers' Retirement Fund | Custodial Fund |
|----------------------------|--|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ - | \$ 6,248 |
| Investments, at fair value | 6,457,904 | - |
| Total assets | 6,457,904 | 6,248 |
| Liabilities | | |
| Due to others | - | - |
| Total liabilities | - | - |
| Net Position | | |
| Restricted for | | |
| Others | - | 6,248 |
| Pension benefits | 6,457,904 | - |
| Total net position | \$ 6,457,904 | \$ 6,248 |

The accompanying notes are an integral part of these financial statements.

City of Gulf Breeze, Florida
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Exhibit IX

| <i>For the year ended September 30, 2022</i> | Police Officers' Retirement Fund | Custodial Fund |
|---|--|-------------------|
| Additions | | |
| Contributions: | | |
| State | \$ - | \$ - |
| Employer | 304,420 | - |
| Employees | 41,124 | - |
| Total contributions | 345,544 | - |
| Investment income/(loss) | (983,716) | - |
| Less: investment related expense | (13,770) | - |
| Net investment income (loss) | (997,486) | - |
| Total additions | (651,942) | - |
| Deductions | | |
| Benefits paid | 74,455 | - |
| Administrative expenses | 9,850 | - |
| Total deductions | 84,305 | - |
| Net increase/(decrease) in fiduciary net position | (736,247) | - |
| Net position, beginning of year | 7,194,151 | 6,248 |
| Net position, end of year | \$ 6,457,904 | \$ 6,248 |

The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Gulf Breeze, Florida (the City) was chartered as a municipality by a Special Act of the Florida Legislature on May 1, 1961, under Chapter 61.2207, Laws of Florida, pursuant to House Bill number 557. On August 10, 1961 residents voted to adopt the charter and elected the first city officials. As authorized by its charter, the City provides the following services: public safety (police, fire, and inspection), highways and streets, water and sewer, natural gas, sanitation, stormwater drainage, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Section 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The more significant accounting policies used by the City are described below.

Reporting Entity

A four-member City Council and a Mayor govern the City, each elected at-large for four-year terms for Council Members and a two-year term for the Mayor. The Council has no powers other than those expressly vested in it by State Statute and the City Charter, and their governmental powers cannot be delegated. Each Councilman and the Mayor receive \$1.00 per year in compensation for their service.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Gulf Breeze (the primary government) and its component units. In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. Management utilized criteria set forth in GASB Statement No. 61 (GASB 61) for determining financial accountability of potential component units in evaluating all potential component units. In accordance with GASB 61, the City (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of September 30, 2022, the City of Gulf Breeze had four component units, as defined by GASB 61, which have been presented in the financial statements of the primary government as either "discretely presented component units" or "blended component units." The component units are: the Urban Core Redevelopment (Community Redevelopment Agency), Gulf Breeze Financial Services, Inc., Capital Trust Agency, Inc. and Subsidiary, and Capital Trust Authority, Inc.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units

Urban Core Redevelopment (Community Redevelopment Agency) was established by the City in December 1989 based on the Finding of Necessity documentation required pursuant to Chapter 163, Florida Statutes and is a blended component unit reported as a major governmental fund in the City's financial statements. Pursuant to Resolution No. 18-89, the City Council, including the Mayor, serve as the Community Redevelopment Agency board of directors who approves the annual operating budget and has operational responsibility for the component unit. The Community Redevelopment Agency issues separate financial statements which may be obtained by writing to Gulf Breeze Financial Services, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

Gulf Breeze Financial Services, Inc. (GBFS) was incorporated as of March 6, 1997. The members of the City Council, including the Mayor, serve as directors of GBFS. GBFS was formed exclusively for the purposes of assisting the City of Gulf Breeze in administration, operation, marketing, organizing, and servicing of various financing programs such as the Gulf Breeze Local Government Loan Program through which the City is either a participant or a sponsor of such financing programs, usually involving the issuance of bonds. Gulf Breeze Financial Services, Inc. is a blended component unit reported as an enterprise fund in the City's financial statements. GBFS issues separate financial statements which may be obtained by writing to Gulf Breeze Financial Services, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

Discretely Presented Component Unit

Capital Trust Agency, Inc. (CTA) was established by the City on May 19, 1999, with Resolution 14-99 and incorporated on June 30, 1999, with the directors appointed by the City Council. CTA was formed for the purposes of assisting in the financing, acquisition, construction, development, equipping, maintenance, operation, and/or promotion of certain facilities, intangibles, and capital projects. The City exclusively benefits from the activity of CTA and received \$1,800,000 in miscellaneous revenues during the fiscal year ending September 30, 2022. In 2007, CTA and GBFS formed Capital Trust Agency Community Development Entity, LLC (CTA-CDE) to attract tax credit fund incentives into financing projects to help renew Florida's distressed neighborhoods. CTA holds a 99% ownership interest in CTA-CDE and is the managing member. Accordingly, CTA presents its financial information consolidated with that of CTA-CDE (Subsidiary). CTA and Subsidiary is reported as a discretely presented component unit. CTA and Subsidiary issues separate financial statements which may be obtained by writing to Capital Trust Agency, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Trust Authority, Inc. (CTAu) was established by the City on June 6, 2022, under Resolution 14-99 and incorporated on June 2, 2022, with the directors appointed by the City Council. CTAu was formed for the purposes of assisting in the financing, acquisition, construction, development, equipping, maintenance, operation, and/or promotion of certain facilities, intangibles, and capital projects. The City exclusively benefits from the activity of CTAu. For the year ended September 30, 2022, CTAu did not have any significant activity and is reported in combination with CTA as a discretely-presented component unit. CTAu issues separate financial statements which may be obtained by writing to Capital Trust Authority, Inc., 315 Fairpoint Drive, Gulf Breeze, FL 32561 or calling (850) 934-4046.

Conduit Debt

The City has sponsored the following financing programs involving the issuance, by the City of Gulf Breeze, Florida, of the following bonds:

- \$20,500,000 Variable Rate Demand Revenue Bonds, Series 1999, \$15,830,000 outstanding.
- \$40,000,000 Refunding Bond (Local Government Loan Program), Series 2010, \$40,000,000 outstanding.

These bonds were issued pursuant to a Trust Indenture by and between the City and Truist Bank, as Trustee, for the purpose of funding the Gulf Breeze Local Government Loan Pool Program, which makes loans to local government and not-for-profit entities. The bonds are payable solely from the Trust and the proceeds generated from loans to the borrowing entities. The City is not liable for repayment of the bonds under the terms of the Trust Agreement, and the sole remedy for any bondholder as set forth in the Trust Agreement is limited to the assets of the Trust. Accordingly, the activity of the trust is not included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary, pension trust, and custodial funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates governmental funds and internal service funds, while business-type activities incorporate the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's wastewater and sanitation services functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental, enterprise funds, and fiduciary funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Community Redevelopment Fund* is used to account for the activities of the Gulf Breeze Community Redevelopment Agency. The Community Redevelopment Agency was established to enable the City to utilize tax increment financing (TIF) to foster improvements and redevelopment in the City's commercial corridor.

The *Stormwater Management Fund* is used account for activities associated with managing stormwater.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major enterprise funds:

The *Water and Sewer Fund* is used to account for the provision of water and sewer services to the residents of the City and residents east of Gulf Breeze to Midway. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection. This fund in the current year combines the *Water and Sewer Fund* and *South Santa Rosa Utility Fund* as presented in previous years.

The *Natural Gas Fund* is used to account for the activity associated with providing gas service to the citizens of the City.

The *Gulf Breeze Financial Services Fund* is used to account for the activities relating to the administration, operation, marketing, organizing, and servicing of various financing programs, such as the Gulf Breeze Local Government Loan Pool.

The City reports the following major fiduciary funds:

The *Pension Trust Fund* is used to report the resources that are required to be held in trust for the members and beneficiaries of the one defined benefit pension plan administered by the City; the Police Officers' Retirement Pension Fund.

The *Custodial Fund* is used to account for assets held by the City on behalf of others. The City's custodial funds include contributions for various organizations with the City and funds contributed to the Police Department for special projects.

Additionally, the City reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

City of Gulf Breeze, Florida Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The City considers all highly liquid investments (including restricted assets) with a maturity of ninety days or less when purchased and investments with the State Board of Administration (SBA) to be cash equivalents. Additionally, each fund's equity in the City's investment pool is considered to be a cash equivalent since the City can deposit or effectively withdraw cash at any time without prior notice or penalty.

Deposits and Investments

The investment of surplus funds and restricted reserve funds is governed by the City's investment policy under the provisions of Section 218.415, Florida Statutes. Investments authorized by the City's investment policy and state statute include intergovernmental investment pools, money market funds, including money market mutual funds, interest bearing time deposits or savings accounts in qualified public depositories, direct obligations of the U.S. Treasury and U.S. agencies and instrumentalities, and other investments authorized by law or by resolution for a municipality. All the City's investments are stated at fair value.

Chapter 280, Florida Statutes, provides that deposits must be placed in a depository designated under the provisions of Chapter 136 and the regulations of the Department of Banking and Finance as a qualified public depository. As such, these deposits are considered to be fully insured.

The City's cash and investment pool and certain individual funds participate in the Local Government Surplus Funds Trust Fund, operated by Florida's State Board of Administration (SBA). The SBA is governed by Chapter 19-3 of the Florida Administrative Code (FAC). The FAC provides guidance and establishes the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Florida Auditor General performs an operational audit of activities and investments of the SBA. In accordance with GASB Statement No. 31, the Local Government Surplus Funds Trust Fund is a "2a-7 like" pool, and thus, SBA investments are valued using the pooled share price. City investments with the SBA may be made or liquidated by wire on a same day basis. The City's investments with the SBA are considered to be cash equivalents for reporting purposes.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension trust funds may invest in annuity and life insurance contracts of life insurance companies in amounts sufficient to provide, in whole or in part, the benefits to which all of the participants in the municipal police officers' retirement trust fund shall be entitled under the provisions of Chapter 185, Florida Statutes, and pay the initial and subsequent premiums thereon; time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings and loan association insured by the Savings Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund; obligations of the United States or obligations guaranteed as to principal and interest by the United States; bonds issued by the State of Israel; bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided:

1. The corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service; and
2. The board of trustees shall not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5 percent of the outstanding capital stock of the company nor shall the aggregate of its investments at cost, in accordance with the trust's investment policy, exceed 50 percent of the fund's assets.

Receivables

Revenues receivable are reflected net of an allowance for doubtful accounts. For the General Fund, the Water & Sewer Fund, the Natural Gas Fund, the South Santa Rosa Utility Fund, and the Stormwater Management Fund, the amount of the allowance is equal to accounts receivable in excess of 90 days past due.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when on fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain resources in the City's General Fund and proprietary funds have been set aside for repayments of debt, certain projects, and customer deposits and are classified as restricted assets because their use is limited by applicable bond covenants and project requirements.

Bond Issuance Costs

Bond issuance costs for proprietary funds are amortized over the estimated life of the issue using the straight-line method. The City follows GASB Statement No. 62 which allows matching the regulated rate recovery of the costs if certain criteria are met.

Capital Assets

Capital assets, which include property, plant, equipment, leased assets, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City defines capital assets as assets with an initial cost more than the following:

| Capital asset classes | Cost | |
|-----------------------------------|------|--------|
| Land | \$ | >0 |
| Buildings and improvements | \$ | 10,000 |
| Infrastructure | \$ | 10,000 |
| Improvements other than buildings | \$ | 10,000 |
| Machinery and equipment | \$ | 1,000 |

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

| Capital asset classes | Lives |
|-----------------------------------|---------|
| Buildings and improvements | 39 |
| Infrastructure | 20 - 40 |
| Improvements other than buildings | 15 - 27 |
| Machinery and equipment | 3 - 10 |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The City has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in both the government-wide and proprietary funds statements of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one (1) item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay based on the length of service to the City. All vacation and sick pay is accrued when earned and/or incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in general fund financial statements only if they have matured.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Leases

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Categories and Classification of Net Position and Fund Balance (continued)

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – The Santa Rosa County Tax Collector bills and collects property taxes for the City in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharged by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is the current property tax calendar:

| Capital asset classes | Lives |
|-----------------------|------------------|
| Lien Date | January 1, 2021 |
| Levy Date | November 1, 2021 |
| Due Date | November 1, 2021 |
| Delinquent Date | April 1, 2022 |

Discounts of 1% are granted for each month that taxes are paid prior to March 2022.

Revenue recognition criteria for property taxes under the GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2022 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectability and, therefore, are not recorded as a receivable as of September 30, 2022.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and Natural Gas Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

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

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted by ordinance for all major governmental and all proprietary funds. However, budgets for proprietary funds are not legally required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary data reflected in the financial statements are established by the following procedures:

- Prior to September 1, of each year, proposed budgets are received by the City Council from the City Manager. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the City Council. The City Council requires such changes as deemed necessary, sets proposed millages, and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.
- Proposed budgets are advertised in a newspaper of general circulation in the City. Public hearings are conducted for the purposes of receiving input, responding to complaints, and providing reasons and explanations for intended actions to all citizens participating.
- Prior to October 1, the budget for all governmental funds (except for the Police Special Revenue Fund, for which no budget is prepared due to the uncertainty of annual revenues) and proprietary funds of the City is legally enacted through passage of an ordinance. Budget amendments are periodically passed through resolutions during the fiscal year. Budgeted beginning fund balance in the accompanying financial statements reflects planned utilization of prior years' unassigned fund balance to the level required to accomplish current year objectives.
- The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The City Manager and Finance Director are authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budget amounts reflected in the financial statements are originally adopted amounts and amounts as amended by action of the City Council by revision of fund totals.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 23, 2023, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Statement is being applied prospectively, therefore, there were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021, and all reporting periods thereafter.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2022, the City implemented GASB Statement No. 87, *Leases*. In accordance with generally accepted accounting principles, the implementation of this statement requires the restatement of the September 30, 2021 net position in the statement of activities to record the cumulative effect of recording the original basis of the leased assets less accumulated amortization, net of the respective lease liabilities as of September 30, 2021.

The implementation of these new standards had no significant impact on the City's financial statements as a whole. The City has only entered into one lease transaction, and as discussed further in Note 11, this lease for water and gas meters and other equipment has been previously reported as a capital lease. The City did not report a restatement of its net position as a result of the implementation of the lease standard.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned. The City manages its custodial credit risk by maintaining its deposits with "Qualified Public Depositories" (QPDs), as defined in Chapter 280, Florida Statutes, which bear no custodial credit risk or are in institutions which meet the exemption requirements of Chapter 280. The exemptions qualify under the exemptions of Section 280.03(e) or 280.03(f), Florida Statutes as a deposit made in accordance with Section 17.57(g), Florida Statutes. The provisions of Chapter 280 allow "Qualified Public Depositories" to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a fair value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under this method, all deposits are fully insured or collateralized with securities held by the State Treasurer in the City's name.

Investments

As of September 30, 2022, the City had the following investments:

| | Weighted Average Maturity (Years) | 2022 |
|------------------------------------|--------------------------------------|---------------|
| Florida Municipal Investment Trust | 1.50 | \$ 67,798 |
| Exchange-traded funds | N/A | 1,959,732 |
| Federal instrumentalities | 3.32 | 6,297,192 |
| Corporate notes | 2.75 | 1,458,377 |
| State and local government debt | 2.95 | 3,301,266 |
| Total investments | | \$ 13,084,365 |

Fair Value Measurements

GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the codification are described as follows:

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents assets carried at fair value at September 30, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------------------|----------------------|-------------|----------------------|
| Exchange-traded funds | \$ 1,959,732 | \$ - | \$ - | \$ 1,959,732 |
| Federal instrumentalities | - | 6,297,192 | - | 6,297,192 |
| Corporate notes | - | 1,458,377 | - | 1,458,377 |
| State and local government debt | - | 3,301,266 | - | 3,301,266 |
| Total investments | \$ 1,959,732 | \$ 11,056,835 | \$ - | \$ 13,016,567 |

The Florida Municipal Trust Fund is measured at cost and excluded from the fair value hierarchy disclosure.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Exchange-traded Funds –valued at the closing price reported in the active market on which the individual securities are traded.

Federal instrumentalities, Corporate notes, and State and local government debt – valued based on institutional bond quotes and evaluations based on various market and industry inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk

Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City's investment policy sets limits to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds have same day liquidity. Investments of reserves, project funds, debt proceeds and other non-operating funds have a term appropriate to the needs for funds and in accordance with debt covenants, but shall not exceed to (10) years.

Credit Risk

The City is authorized under Section 218.415, Florida Statutes, and the City investment policy of the City, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time-to-time, in:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Rated or unrated bonds, notes, or instrument backed by the full faith and credit of the government of Israel.
- United States government obligations, United States government agency or instrumentality obligations, and the obligations of federal government sponsored enterprises, which have a liquid market with a readily determinable fair value, and securities whose timely payment of principal and interest are fully guaranteed by the foregoing.
- Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time-to-time, provided the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- Investment-grade obligations of state and local governments and public authorities.
- Collateralized guaranteed investment contracts.
- Mutual funds, or exchange-traded funds ("high grade equity funds") that are comprised primarily of U.S. based, large cap companies that are dividend achievers or dividend aristocrats.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

- High grade corporate debt consisting of U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets.
- Other investments authorized by law or by ordinance for a county or a municipality.

Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. At September 30, 2022, the City's investments had the following credit quality:

| Security Type | Credit Rating | Portfolio Asset Allocation |
|-----------------------------------|---------------|----------------------------|
| Exchange-traded funds | N/A | 15.06% |
| Federal instrumentalities | AAA | 2.95% |
| Federal instrumentalities | AA | 45.43% |
| Corporate notes | AA | 2.33% |
| Corporate notes | A | 6.34% |
| Corporate notes | BBB | 2.53% |
| State and local governmental debt | AAA | 4.01% |
| State and local governmental debt | AA | 14.14% |
| State and local governmental debt | A | 7.21% |

Concentration of Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy has established asset allocation and issuer limits on the following investments to reduce concentration of credit risk of the City's investment portfolio.

| | Asset Allocation Maximum | Individual Issuer Limit |
|--|--------------------------|-------------------------|
| U.S. Government obligations | 100% | N/A |
| Local Government Investment Pools | 100% | N/A |
| Certificates of deposit | 25% | 50% |
| Federal Agency & Instrumentality Obligations | 100% | 50% |
| Collateralized repurchase agreements | 15% | 50% |
| Other investments pools (rated "A" or better) | 30% | 50% |
| State and/or local government taxable and/or tax-exempt debt | 30% | 50% |
| High grade corporate debt and commercial paper | 15% | 50% |
| High grade exchange-traded funds | 25% | 50% |

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City has no investments at September 30, 2022 that meet such disclosure criteria.

NOTE 4 – RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables at September 30, 2022 were as follows:

| | Accounts Receivable | Utilities Receivable | Allowance for Uncollectible | Net |
|-----------------------------|------------------------|-------------------------|--------------------------------|---------------------|
| Governmental Activities: | | | | |
| General Fund | \$ 336,102 | \$ - | \$ (4,682) | \$ 331,420 |
| Stormwater Management | 61,979 | - | (2,821) | 59,158 |
| Business-Type Activities: | | | | |
| Water and Sewer Fund | - | 1,454,633 | (108,491) | 1,346,142 |
| Natural Gas Fund | - | 378,948 | (46,445) | 332,503 |
| Non-Major Proprietary Funds | - | 102,897 | (7,505) | 95,392 |
| Total | \$ 398,081 | \$ 1,936,478 | \$ (169,944) | \$ 2,164,615 |

The City's due from other governments for governmental activities was \$456,093 as of September 30, 2022, which consisted of amounts due from the State of Florida and Santa Rosa County, Florida, primarily for taxes.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 5 – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended September 30, 2022:

| <i>For the year ended September 30, 2022</i> | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance |
|--|----------------------|--------------|-------------------------|-------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,683,971 | \$ - | \$ (17,999) | \$ 1,665,972 |
| Construction-in-progress | 2,110,854 | 5,672,131 | (88) | 7,782,897 |
| Capital assets, not being depreciated | 3,794,825 | 5,672,131 | (18,087) | 9,448,869 |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 12,600,750 | - | 3,586 | 12,604,336 |
| Improvements other than buildings | 17,237,378 | - | 238,234 | 17,475,612 |
| Infrastructure | 8,226,308 | 446,834 | (201,213) | 8,471,929 |
| Machinery and equipment | 7,334,926 | 180,390 | (224,490) | 7,290,826 |
| Capital assets, being depreciated | 45,399,362 | 627,224 | (183,883) | 45,842,703 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | (5,950,376) | (505,292) | (12,427) | (6,468,095) |
| Improvements other than buildings | (15,459,809) | (607,226) | 15,993 | (16,051,042) |
| Infrastructure | (1,716,882) | (269,220) | (949) | (1,987,051) |
| Machinery and equipment | (6,077,034) | (424,771) | 85,761 | (6,416,044) |
| Total accumulated depreciation | (29,204,101) | (1,806,509) | 88,378 | (30,922,232) |
| Total capital assets being depreciated, net | 16,195,261 | (1,179,285) | - | 14,920,471 |
| Governmental activities capital assets, net | \$ 19,990,086 | \$ 4,492,846 | \$ (113,592) | \$ 24,369,340 |

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 5 – CHANGES IN CAPITAL ASSETS (Continued)

| <i>For the year ended December 31, 2023</i> | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|--------------|-------------------|
| Business-Type Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 2,663,827 | \$ - | \$ - | \$ 2,663,827 |
| Construction-in-progress | 2,197,230 | 770,147 | 359,198 | 3,326,575 |
| Capital assets, not being depreciated | 4,861,057 | 770,147 | 359,198 | 5,990,402 |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 609,663 | 71,040 | 458 | 681,161 |
| Improvements other than buildings | 10,262,901 | - | 909 | 10,263,810 |
| Infrastructure | 49,577,418 | 138,471 | (450,279) | 49,265,610 |
| Machinery and equipment | 7,159,677 | 496,685 | (23,831) | 7,632,531 |
| Capital assets, being depreciated | 67,609,659 | 706,196 | (472,743) | 67,843,112 |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | (255,870) | (15,407) | - | (271,277) |
| Improvements other than buildings | (3,851,926) | (582,941) | 338,471 | (4,096,396) |
| Infrastructure | (38,138,903) | (1,416,899) | (345,308) | (39,901,110) |
| Machinery and equipment | (6,210,248) | (456,973) | 6,835 | (6,660,386) |
| Total accumulated depreciation | (48,456,947) | (2,472,220) | (2) | (50,929,169) |
| Total capital assets being depreciated, net | 19,152,712 | (1,766,024) | (472,745) | 16,913,943 |
| Business-type activities capital assets, net | \$ 24,013,769 | \$ (995,877) | \$ (113,547) | \$ 22,904,345 |

NOTE 5 – CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary governments as follows:

| <i>For the year ended September 30,</i> | <i>2022</i> |
|---|---------------------|
| Governmental activities | |
| General government | \$ 541,953 |
| Public safety | 343,237 |
| Transportation | 5,000 |
| Economic environment | 162,586 |
| Culture and recreation | 753,733 |
| Total depreciation and amortization expense - governmental activities | \$ 1,806,509 |
| Business-type activities | |
| Water and sewer | \$ 2,105,167 |
| Natural gas | 359,188 |
| Gulf Breeze Financial Services | 7,865 |
| Total depreciation and amortization expense - business-type activities | \$ 2,472,220 |

NOTE 6 – DEFINED BENEFIT PENSION PLANS

Florida Retirement System (FRS) – General Employees

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the HIS Program, a cost-sharing multiple employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

FRS Pension Plan

Plan Description

The City contributes to the FRS Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement, Department of Management Services. The FRS Pension Plan provides retirement, disability, or death benefits to plan members or their designated beneficiaries. Chapters 121, 122, and 123, Florida Statutes, provide the authority under which benefit provisions are established. The provisions may only be amended by legislative action. All permanent employees hired prior to January 1, 1996, participate in this plan.

Contribution and Funding Policy

Contribution requirements of the plan are established in Chapter 121, Florida Statutes, and may only be amended by legislative action. Effective July 1, 2011, the Florida Legislature passed Senate Bill 2100 requiring all employee members to contribute 3% to the FRS Pension Plan. Formerly, only employers were required to contribute to the FRS Pension Plan. The FRS Pension Plan funding policy now provides for monthly employer and employee contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

In July 2002, the Florida Legislature established a uniform contribution rate system for the FRS, which remained in effect with the passage of Senate Bill 2100. The uniform contribution system covers both the FRS Pension Plan and the FRS Investment Plan. Employers and employees contribute a percentage of the total payroll for each class of FRS membership.

From October 1, 2021 through June 30, 2022, the actuarially determined contribution rates, expressed as a percentage of covered payroll, including the required employee 3% contribution, were 28.89% for police officer and firefighter (special risk) employees, 13.82% for regular employees, and 18.34% for DROP. From July 1, 2022 through September 30, 2022, the actuarially determined contribution rates, expressed as a percentage of covered payroll, including the required employee 3% contribution, are 30.83% for police officer and firefighter (special risk) employees, 14.91% for regular employees, and 18.60% for DROP.

The City's contributions to the FRS Plan totaled \$35,878 for the year ended September 30, 2022.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At September 30, 2022, the City reported a liability of \$314,982 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members. At September 30, 2022, the District's proportionate share was 0.000846543%, which was an increase of 0.000113824% from its proportionate share of 0.000732719% measured as of September 30, 2021.

For the year ended September 30, 2022, the City recognized a pension benefit of \$(63,118) related to the FRS Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 14,960 | \$ - |
| Change in assumptions | 38,791 | - |
| Net difference between projected and actual earnings on FRS pension plan investments | 20,798 | - |
| Change in proportion and differences between District FRS contributions and proportionate share of contributions | 26,341 | (205,911) |
| District FRS contributions subsequent to the measurement date | 9,009 | - |
| Total | \$ 109,899 | \$ (205,911) |

The deferred outflows of resources related to pensions, totaling \$9,009 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

| <i>Fiscal year ending September 30,</i> | Amount |
|---|---------------------|
| 2023 | \$ (43,916) |
| 2024 | (48,028) |
| 2025 | (55,753) |
| 2026 | 37,005 |
| 2027 | 5,671 |
| Thereafter | - |
| Total | \$ (105,021) |

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.40 percent |
| Salary increases | 3.25 percent, average, including inflation |
| Investment rate of return | 6.70 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|------------------------|-----------------------------|--------------------------------|---|-----------------------|
| Cash | 1.00% | 2.60% | 2.60% | 1.10% |
| Fixed income | 19.80% | 4.40% | 4.40% | 3.20% |
| Global equity | 54.00% | 8.80% | 7.30% | 17.80% |
| Real estate (property) | 10.30% | 7.40% | 6.30% | 15.70% |
| Private equity | 11.10% | 12.00% | 8.90% | 26.30% |
| Strategic investments | 3.80% | 6.20% | 5.90% | 7.80% |
| Total | 100.00% | | | |

Assumed inflation - mean

2.40%

1.30%

Note: (1) As outlined in the Plan's investment policy.

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 6.7 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.7 percent) or 1-percentage-point higher (7.7 percent) than the current rate:

| | 1% Decrease (5.7%) | Current Discount Rate (6.7%) | 1% Increase (7.7%) |
|--|--------------------------|------------------------------------|--------------------------|
| District's proportionate share of the net pension liability | \$ 544,740 | \$ 314,982 | \$ 122,877 |

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

HIS Plan

Plan Description

The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions

The HIS Pension Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event that legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Pension Plan totaled \$2,810 for the fiscal year ended September 30, 2022.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2022, the District reported a net pension liability of \$49,974 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the City's proportionate share of benefit payments expected to be paid within 1 year, net of the City's proportionate share of the pension plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportionate share of the net pension liability was based on the City's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At September 30, 2022, the City's proportionate share was 0.000471831%, which was an increase of 0.000023967% from its proportionate share of 0.000447864% measured as of September 30, 2021.

For the year ended September 30, 2022, the City recognized a pension benefit of \$(23,259) related to the HIS Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 1,517 | \$ (220) |
| Change in assumptions | 2,865 | (7,731) |
| Net difference between projected and actual earnings on HIS pension plan investments | 72 | - |
| Change in proportion and differences between District HIS contributions and proportionate share of HIS contributions | 2,303 | (66,818) |
| District HIS contributions subsequent to the measurement date | 685 | - |
| Total | \$ 7,442 | \$ (74,769) |

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$2,800,711, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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

| <i>Fiscal year ending September 30,</i> | <i>Amount</i> |
|---|--------------------|
| 2023 | \$ (22,131) |
| 2024 | (15,811) |
| 2025 | (14,104) |
| 2026 | (11,686) |
| 2027 | (3,964) |
| Thereafter | (316) |
| Total | \$ (68,012) |

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|--|
| Inflation | 2.40 percent |
| Salary increases | 3.25 percent, average, including inflation |
| Municipal bond rate | 3.54 percent |

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

While an experience study has not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.16 percent to 3.54 percent.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|--|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of the net pension liability | \$ 57,175 | \$ 49,974 | \$ 44,016 |

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Florida League of Cities – Police Officers

Plan Description

Police officers hired after January 1, 1996 participate in the Retirement Plan for the Police Officers of the City of Gulf Breeze, Florida, a single-employer defined benefit pension plan administered by the City of Gulf Breeze, FL. which uses the Florida Municipal Pension Trust Fund (FMPTF), a division of the Florida League of Cities, Inc. to manage the Plan's investments. Chapter 185, Florida Statutes provides the authority under which benefit provisions are established. An employee becomes fully vested after six years of credited service with normal retirement at age 55 or age 52 with 25 years of credited service. These provisions may only be amended by legislative action. The FMPTF issues a publicly available financial report that includes financial statements and required supplementary information of the defined benefit pension plan of the City's police employees. The Retirement Plan for the Police Officers of the City of Gulf Breeze, FL (Police Pension Plan) does not issue audited stand-alone financial statements.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

| | |
|-------------------------------|--|
| Name of the pension plan | Retirement Plan for the Police Officers of the City of Gulf Breeze |
| Legal plan administrator | Board of Trustees of the Retirement Plan for the Police Officers of the City of Gulf Breeze |
| Plan type | Single-employer defined benefit pension plan |
| Number of covered individuals | 38 (6 inactive employees and beneficiaries currently receiving benefits; 13 inactive employees entitled to but not yet receiving benefits; 19 active employees) |
| Contribution requirement | Employer contributions are actuarially determined; employees must contribute 4.00% of pensionable earnings; employee contribution requirement may be amended by City ordinance, but employer contribution requirement is subject to State minimums |
| Pension plan reporting | The plan issues a stand-alone financial report each year, which contains information about the plan's fiduciary net position. The plan's fiduciary net position has been determined on the same basis used by the pension plan and is equal to the fair value of assets calculated under the accrual basis of accounting. This report is available to the public at the plan's administrative office: Retirement Department, Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302, (800) 342-8112. |

Benefits Provided

| | |
|------------------------------|---|
| Employees covered | Police officers employed by the City of Gulf Breeze |
| Types of benefits offered | Retirement, disability, and pre-retirement death benefits |
| Basic pension formula | 3.50% of average earnings x service earned through March 2, 2014 plus 3.00% of average earnings x service earned on and after March 2, 2014 |
| Early retirement adjustment | Early retirement pension is reduced by 3% for each year by which the early retirement date precedes the normal retirement date. |
| Disability pension | Larger of basic pension formula or 42% of average earnings (for service-connected disabilities) Larger of basic pension formula or 25% of average earnings (for non-service-connected disabilities if the participant has earned at least 10 years of service) Disability benefits are offset as necessary to preclude the total of the disability benefit, worker's compensation, and other City-provided disability compensation from exceeding average earnings. |
| Pre-retirement death benefit | Basic pension formula payable for 10 years at early or normal retirement age (payable to the beneficiary of a vested participant) Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant) |
| Normal retirement age | Age 55 with at least 6 years of service Age 52 with at least 25 years of service |

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

| | |
|---------------------------|---|
| Early retirement age | Age 50 with at least 6 years of service |
| Vesting requirement | 100% vested after six years of service |
| Form of payment | Actuarially increased single life annuity 10-year certain and life annuity Actuarially equivalent 50%, 66 2/3%, 75%, or 100% joint and contingent annuity Any other actuarially equivalent form of payment approved by the Board of Trustees |
| Average earnings | Average of the highest five years of pensionable earnings out of the last 10 years |
| Cost-of-living adjustment | 3.00% per year, delayed three years after retirement with respect to benefits earned after February 3, 2014 |
| Supplemental benefit | \$5.00 per month x service (payable as a single life annuity) The plan was established effective January 1, 1996 pursuant to City ordinance and has been amended several times since that date. |
| Legal authority | |
| Changes | No plan changes were adopted since the prior measurement date. |

Contributions

Article X, Section 14 of the State Constitution and Part IV, Chapter 112, Florida Statutes grant the authority to establish and amend the contribution requirements of the City. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis. Rates are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members are required to contribute 4% to the plan. All required employer contributions are made monthly at actuarially determined rates.

Under the aggregate cost valuation method, funding amounts are determined by computing future plan costs. The City is responsible for the non-employee actuarially determined annual required contribution; however, State contributions can be used when determining the City's actual contribution. As a result, State contributions are included when computing percentage contributions.

The City's contributions to the Police Pension Plan totaled \$362,854 for the fiscal year ended September 30, 2022.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions

| | |
|---------------------------|---|
| Employer's reporting date | September 30, 2022 |
| Measurement date | September 30, 2022 |
| Actuarial valuation date | October 1, 2021 |
| Discount rate | 7.00% per annum (2.62% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments. |
| Salary increases | 4.00% per annum |
| Cost-of-living increases | 3.00% per year, delayed three years after retirement with respect to benefits earned after February 3, 2014 |
| Mortality basis | For non-retired participants, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year (pre-retirement mortality); for non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018 |
| Retirement | Retirement is assumed to occur at normal retirement age. |
| Other decrements | None assumed |
| Non-invested expenses | Liabilities have been loaded by 1.75% to account for non-investment expenses |
| Future contributions | Contributions from the employer and employees are assumed to be made as legally required |
| Changes | No assumption were changed since the prior measurement date. |

The long-term expected rate of return on Police 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 expense and inflation) are developed for each major asset class.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

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 Police Pension Plan's target asset allocation as of September 30, 2022 (see the discussion of the Police Pension Plan's investment policy) are summarized in the following table:

| Asset Class | Target Allocation | Expected Long-Term Real Return |
|--------------------------------------|----------------------|--------------------------------------|
| Core bonds | 15.00% | 1.60% |
| Core plus | 15.00% | 2.10% |
| U.S. large cap equity | 25.00% | 4.60% |
| U.S. small cap equity | 14.00% | 5.50% |
| Non-U.S. equity | 21.00% | 6.70% |
| Core real estate | 10.00% | 5.00% |
| Total or weighted arithmetic average | 100.00% | 4.38% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Based on those assumptions, the Police Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current employees. Therefore, the long-term expected rate of return on Police Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Changes in Net Pension Liability

| Description | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|----------------------------------|-------------------------|-----------------------------|-------------------------------|
| Balance as of September 30, 2021 | \$ 5,936,398 | \$ (7,194,151) | \$ (1,257,753) |
| Change due to: | | | |
| Share plan | (75,405) | 75,405 | - |
| Service cost | 326,564 | | 326,564 |
| Expected interest growth | 425,598 | (504,188) | (78,590) |
| Unexpected investment income | | 1,470,933 | 1,470,933 |
| Demographic experience | (330,620) | - | (330,620) |
| Employer contributions | | (362,854) | (362,854) |
| Employee contributions | | (41,124) | (41,124) |
| Benefit payments & refunds | (74,455) | 74,455 | - |
| Administrative expenses | | 23,620 | 23,620 |
| Assumption changes | | - | - |
| Balance as of September 30, 2022 | \$ 6,208,080 | \$ (6,457,904) | \$ (249,824) |

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% -point lower (6.00%) or 1% -point higher (8.00%) than the current rate.

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|-------------------------------|--------------------|------------------------------|--------------------|
| Total pension liability | \$ 7,237,146 | \$ 6,208,080 | \$ 5,385,036 |
| Less fiduciary net position | (6,457,904) | (6,457,904) | (6,457,904) |
| Net pension liability (asset) | \$ 779,242 | \$ (249,824) | \$ (1,072,868) |

Pension Plan Fiduciary Net Position

Detailed information about the Police Pension Plan's fiduciary net position is available in the separately issued FMPTF report.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of \$372,172. At September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 679,607 | \$ (948,172) |
| Change in assumptions | 261,774 | (163,984) |
| Net difference between projected and actual earnings on Plan investments | 775,290 | - |
| Balance as of September 30, 2022 | \$ 1,716,671 | \$ (1,112,156) |

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

| <i>Fiscal year ending September 30,</i> | Amount |
|---|------------|
| 2023 | \$ 150,857 |
| 2024 | 137,604 |
| 2025 | 135,938 |
| 2026 | 288,302 |
| 2027 | 4,969 |
| Thereafter | (113,155) |
| Total | \$ 604,515 |

Required Supplementary Information

The Schedule of Contributions and Schedule of Changes in Employer Net Pension Liability and Related Ratio can be found in the required supplementary information of the annual comprehensive financial report.

Entity-wide Information

Pension expense for all defined benefit pension plans totaled \$285,795 for the year ended September 30, 2022. The net pension liabilities and other postemployment benefits (see below) will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities will be liquidated by the respective enterprise fund.

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expenses when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefits. The total OPEB liability is recorded at the fund level for proprietary activities and the allocated amount for governmental activities is presented at the government-wide level. The annual OPEB cost is included in the line item of personal services for proprietary fund statements and is allocated by function for governmental activities on the government-wide financial statements.

Plan Description

The City provides postemployment benefits for eligible participants enrolled in the City-sponsored single-employer plans for health care through BlueCare HMO 59. These benefits are provided in the form of an implicit rate subsidy where retirees pay combined active/retiree rates for health coverage.

The City has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. The contribution requirement for plan members are established by the City. For active employees, the City pays any remaining required amounts after contributions of plan members are taken into account. Retired members pay the full premium associated with the coverage elected. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The City contracted with a recognized and certified actuarial firm to provide an actuarial valuation of postemployment benefits. A copy of this report can be obtained by contacting the City's Finance Department.

At the valuation date September 30, 2022, OPEB membership consisted of the following:

| | |
|--|-----|
| Retired employees currently receiving health benefits | 1 |
| Inactive employees entitled to but not yet receiving health benefits | 0 |
| Active employees | 120 |
| <hr/> | |
| Total | 121 |

Benefits Provided

The City uses BlueCare HMO 59 as their provider to provide retiree health care medical and prescription drug coverage to eligible retirees of any age.

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

At September 30, 2022, the City reported a total OPEB liability of \$136,412 for the single-employer plan. The total OPEB liability was measured as of September 30, 2022 and was determined by an actuarial valuation as of that date. The total OPEB liability as of September 30, 2022, reflects the following changes of benefit terms and actuarial assumptions for the plan:

- The discount rate was updated from 2.26% to 4.02%.
- The trend rates were reset to an initial rate of 6.50%, grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate.
- The mortality projection scale was updated from MP-2020 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

Actuarial Assumptions and Other Inputs

At the September 30, 2022 measurement date, the actuarial assumptions and other inputs, applied include the following:

| | |
|-------------------------------|---|
| Discount rate | 4.02% per annum, Source: Bond Buyer 20-Bond GO index |
| Salary Increases | 3.5% per annum |
| Marriage rate | An assumed marriage rate of 50% was used for all future retirees |
| Medicare eligibility | All current and future retirees are assumed to be eligible for Medicare at age 65 |
| Actuarial cost method | Entry Age Normal based on level percentage of projected salary |
| Plan participation percentage | The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 10% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. Based on City's expectations, no (0%) participants will enroll in the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement. |
| Plan election rate | It is assumed that 100% of eligible future retirees will elect the HMO 55 plan, based on the City's understanding of prior experience and future expectations. |

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

| | |
|-----------------------------|---|
| Mortality rates | PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis (teacher, safety, or general, as applicable). |
| Health care cost trend rate | The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.25% each year until reaching the ultimate trend rate. Medical and Rx Benefits: Select 6.5%, Ultimate 4.0% Administrative Fees: Select 4.0%, Ultimate 4.0% |

Changes to Total OPEB Liability

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|--|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Total OPEB Liability (Asset) (a) - (b) |
| Balances at September 30, 2021 | \$ 119,353 | \$ - | \$ 119,353 |
| Changes for the year | | | |
| Service cost | 12,716 | - | 12,716 |
| Interest | 2,954 | - | 2,954 |
| Difference between expected and actual experience | 20,066 | - | 20,066 |
| Changes in assumptions or other inputs | (15,994) | - | (15,994) |
| Benefit payments | (2,683) | - | (2,683) |
| Net changes | 17,059 | - | 17,059 |
| Balance as of September 30, 2022 | \$ 136,412 | \$ - | \$ 136,412 |

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity Analysis

The following table represents the City's total OPEB liability calculated using the discount rate of 4.02%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.02%) or one percentage point higher (5.02%) than the current rate:

| | 1% Decrease 3.02% | Current Discount Rate 4.02% | 1% Increase 5.02% |
|--------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB Liability | \$ 145,000 | \$ 136,412 | \$ 124,000 |

The following table represents the City's total and net OPEB liability calculated using the ultimate health care cost trend rate of 4.00%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

| | 1% Decrease 3.00% | Ultimate Trend 4.00% | 1% Increase 5.00% |
|--------------------|----------------------|-------------------------|----------------------|
| Net OPEB Liability | \$ 120,000 | \$ 136,412 | \$ 151,000 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2022, the City recognized an OPEB expense of \$17,059. In addition, the City did not report any deferred inflows of resources or deferred outflows of resources related to the OPEB plan.

NOTE 8: DEFINED CONTRIBUTIONS PENSION PLAN

The City, for general employees hired after January 1, 1996, participates in the Florida Municipal Pension Trust Fund, a defined contribution pension plan administered by the Florida League of Cities. This plan provides benefits at retirement to general employees of the City. Chapter 121, Florida Statutes provides the authority under which benefit provisions are established. These provisions may only be amended by legislative action. Eligible employees must have completed one year of service before the City begins making contributions on their behalf. The City is required to make contributions equal to 8% of compensation for each eligible employee. Employees are not allowed to contribute to the plan. Contribution requirements are established and may be amended by City Council action.

NOTE 8: DEFINED CONTRIBUTIONS PENSION PLAN (Continued)

Florida League of Cities financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period that the contributions are due. Annual valuations are required for all defined contribution plans. The Florida League of Cities, as administrator, will provide these valuations. The valuations provide allocation of employer contributions, earnings and losses, distributions, and forfeitures. The Florida League of Cities issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to Florida League of Cities, Inc., 201 West Park Avenue, Tallahassee, FL 32302-1757, or by calling (850) 222-9684.

The City's contributions to the plan for the year ended September 30, 2022 totaled \$368,675, which was equal to the required contributions for the year.

NOTE 9: DEFERRED COMPENSATION PLAN

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salary before federal income taxes to a retirement account. The assets are held in trust for the employee's benefit. The plan participants, individually, select and make changes in funding options made available by the independent plan administrator. Since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the City has no liability for investment losses. The City's fiduciary responsibility is to administer the plan properly and to assure the investment alternatives made available are reasonable.

In accordance with GASB Statement No. 32, the assets and liabilities of the plan are not reflected in the City's financial statements since the City has no fiduciary responsibilities, other than administrative, in connection with the plan.

Contributions made by plan members during the year ended September 30, 2022, totaled \$143,831.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 10: RISK MANAGEMENT

General Liability, Automobile, and Property Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee medical benefits; and natural disasters. The City of Gulf Breeze is insured for liability and casualty losses through the Florida League of Cities' Florida Municipal Insurance Program. Under this program the League assumes the full risk of loss on claims over \$10,000 for which insurance is purchased. There has been no significant reduction in insurance coverage from the prior year. The City retains some risk of loss in the form of deductibles and has designated a portion of fund balance/net position as a reserve for these possible losses. Based on prior claims experience, management believes this reserve to be adequate. A self-insurance reserve has been established in the General Fund for \$250,000, Water and Sewer Fund for \$75,000, and the Natural Gas Fund for \$50,000. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

Workers' Compensation Insurance

Effective October 1, 2015, the City of Gulf Breeze is insured for workers' compensation. During the year ended September 30, 2022, the insurance was moved to Public Risk Management. Under this program the insurer assumes the risk of loss on claims for which insurance is purchased subject to certain limits. Prior to October 1, 2015, the City was self-insured for workers' compensation. The City remains self-insured for workers' compensation for claims existing prior to October 1, 2015. These activities are recorded in the General Fund. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

Changes in the estimated liability for self-insured losses for the past two years are as follows:

| <i>For the years ended December 31,</i> | 2022 | 2021 |
|---|-----------------|-----------|
| Balance, beginning of year | \$ 25,287 | \$ 75,000 |
| Current year claims and changes in estimate | (14,479) | (49,378) |
| Claims payments | (984) | (335) |
| Balance, end of year | \$ 9,824 | \$ 25,287 |

Unpaid claims are reported in accrued liabilities on the balance sheet

Incurred but not reported claims have not been determined by actuarial valuation and are not reported in the accompanying financial statements. It is the opinion of management that such claims that may presently exist would not have a material effect on the City's financial position.

NOTE 11 – NON-CURRENT LIABILITIES

Description of Long-Term Debt and Other Liabilities Outstanding

Governmental Activities

Revenue Bonds

\$10,225,000, City of Gulf Breeze, Florida, Revenue Improvement Bonds, Series 2007; \$8,998,000 allocated to the General Fund; due in annual installments of \$175,000 to \$610,000 through 2038; interest payable at 4.0% to 5.0%. Secured by pledged non-ad valorem revenues of the City. Proceeds used to refund various City loans and the finance certain capital improvements.

\$10,700,000, City of Gulf Breeze Community Redevelopment Agency, Florida, Redevelopment Revenue Note, Series 2021; due in annual installments of \$401,250 to \$676,775 through 2041; interest payable at 2.1%. Secured by pledged non-ad valorem revenues of the City. Proceeds used to finance certain capital improvements.

\$1,300,000, City of Gulf Breeze, Florida, Capital Improvement Revenue Note, Series 2021; due in annual installments of \$48,750 to \$82,225 through 2041; interest payable at 2.1%. Secured by pledged non-ad valorem revenues of the City. Proceeds used to finance certain capital improvements.

\$2,756,520, City of Gulf Breeze, Florida, South Santa Rosa Utility System Capital Improvement Revenue Bond, Series 2016B; due in annual installments of \$79,920 to \$1,896,374 through 2026; interest payable at 4.0%. Secured by pledged revenues of the City's utility systems. Proceeds used to refund various City loans and to finance certain capital improvements.

\$1,350,000, City of Gulf Breeze, Florida, South Santa Rosa Stormwater Improvement Revenue Bond, Series 2020; due in annual installments of \$25,538 to \$43,721 through 2040; interest payable at 2.85%. Secured by pledged revenues of the City's utility systems. Proceeds used to finance certain capital improvements.

Business-Type Activities

Revenue Bonds

\$10,225,000, City of Gulf Breeze, Florida, Revenue Improvement Bonds, Series 2007; \$1,227,000 allocated to the Water and Sewer Fund; due in annual installments of \$175,000 to \$610,000 through 2038; interest payable at 4.0% to 5.0%. Secured by pledged non-ad valorem revenues of the City. Proceeds used to refund various City loans and the finance certain capital improvements.

\$3,800,000, South Santa Rosa Utility System Refunding Revenue Note, 2013; due in annual installments of \$206,569 to \$306,144 plus semi-annual inters payments through 2028; interest payable at 2.85%. Secured by pledged non-ad valorem revenues of the City. Proceeds used to refund the SSRU Refunding Revenue Note, 2009B.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 11 – NON-CURRENT LIABILITIES (Continued)

\$5,000,000, City of Gulf Breeze, Florida, South Santa Rosa Utility System Capital Improvement Revenue Bond, Series 2016A; due in annual installments of \$155,060 to \$3,681,530 through 2026; interest payable at 4.0%. Secured by pledged revenues of the City's utility systems. Proceeds used to refund various City loans and finance certain capital improvements.

Leases – Lessee

Lease for water and gas meters and other equipment; due in semi-annual installments ranging from \$161,102 to \$289,000 through 2026; interest payable at 2.8%; secured by meters and other financed equipment; net book value at September 30, 2022 of \$1,634,766.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

| <i>For the years ending December 31,</i> | Principal Payments | Interest Expense | Total |
|--|-----------------------|---------------------|---------------------|
| 2023 | \$ 490,495 | \$ 42,505 | \$ 63,000 |
| 2024 | 534,547 | 28,453 | 563,000 |
| 2025 | 443,945 | 13,157 | 457,102 |
| 2026 | 165,779 | 2,323 | 168,102 |
| 2027 | - | - | - |
| 2028-2032 | - | - | - |
| Total | \$ 1,634,766 | \$ 86,438 | \$ 1,251,204 |

State Revolving Loan

State revolving loan payable of \$971,323; due in semi-annual payments of \$33,868 through 2032; interest payable at 3.05%.

Relocation Notes

Relocation note payable of \$195,845; due in annual payments of \$22,775 through 2030; imputed interest rate of 2.85%

Relocation note payable of \$752,877; due in annual payments of \$87,553 through 2030; imputed interest rate of 2.85%

Relocation note payable of \$715,452; due in annual payments of \$83,200 through 2030; imputed interest rate of 2.85%

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 11 – NON-CURRENT LIABILITIES (Continued)

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding as of September 30, 2022, are as follows:

Governmental Activities

| <i>For the years ending December 31,</i> | Governmental Activities | | | | | |
|--|--|--------------|---|--------------|---|------------|
| | Series 2007 Revenue Improvement Bonds | | Series 2021 Redevelopment Revenue Note | | Series 2021 Capital Improvement Revenue Note | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 268,400 | \$ 297,160 | \$ 416,408 | \$ 216,274 | \$ 50,592 | \$ 26,276 |
| 2024 | 281,600 | 285,082 | 431,567 | 207,529 | 52,433 | 25,214 |
| 2025 | 290,400 | 272,058 | 446,725 | 198,466 | 54,275 | 24,113 |
| 2026 | 308,000 | 258,627 | 461,883 | 189,085 | 56,117 | 22,973 |
| 2027 | 321,200 | 244,382 | 477,042 | 179,386 | 57,958 | 21,794 |
| 2028-2032 | 1,848,000 | 976,646 | 2,612,583 | 740,293 | 317,417 | 89,942 |
| 2033-2037 | 2,354,000 | 474,452 | 2,991,542 | 450,055 | 363,458 | 54,680 |
| 2038-2040 | 536,800 | 25,498 | 2,461,000 | 124,278 | 299,000 | 15,099 |
| Total | 6,208,400 | 2,833,905 | 10,298,750 | 2,305,366 | 1,251,250 | 280,091 |
| Current portion | (268,400) | (297,160) | (416,408) | (216,274) | (50,592) | (26,276) |
| Payable after one year | \$ 5,940,000 | \$ 2,536,745 | \$ 9,882,342 | \$ 2,089,092 | \$ 1,200,658 | \$ 253,815 |

| <i>For the years ending December 31,</i> | Governmental Activities | | | | | |
|--|-----------------------------------|------------|----------------------------------|------------|---------------|--------------|
| | Series 2016B Improvement Bonds | | Series 2020 Improvement Bonds | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 79,186 | \$ 87,332 | \$ 54,435 | \$ 34,254 | \$ 869,021 | \$ 661,296 |
| 2024 | 82,353 | 84,106 | 55,998 | 32,692 | 903,951 | 634,623 |
| 2025 | 85,647 | 80,751 | 57,604 | 31,084 | 934,651 | 606,472 |
| 2026 | 1,896,374 | 77,261 | 59,258 | 29,431 | 2,781,632 | 577,377 |
| 2027 | - | - | 60,959 | 27,730 | 917,159 | 473,292 |
| 2028-2032 | - | - | 332,066 | 111,378 | 5,110,066 | 1,918,259 |
| 2033-2037 | - | - | 382,538 | 60,906 | 6,091,538 | 1,040,093 |
| 2038-2040 | - | - | 212,549 | 9,175 | 3,509,349 | 174,050 |
| Total | 2,143,560 | 329,450 | 1,215,407 | 336,650 | 21,117,367 | 6,085,462 |
| Current portion | (79,186) | (87,332) | (54,435) | (34,254) | (869,021) | (661,296) |
| Payable after one year | \$ 2,064,374 | \$ 242,118 | \$ 1,160,972 | \$ 302,396 | \$ 20,248,346 | \$ 5,424,166 |

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 11 – NON-CURRENT LIABILITIES (Continued)

Business-Type Activities

| <i>For the years ending December 31,</i> | Business-Type Activities | | | | | |
|--|--|------------|-----------------------------|------------|-----------------------------------|------------|
| | Series 2007 Revenue Improvement Bonds | | 2013 Refunding Revenue Note | | Series 2016A Improvement Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 36,600 | \$ 40,522 | \$ 258,643 | \$ 53,281 | \$ 153,618 | \$ 169,528 |
| 2024 | 38,400 | 38,875 | 266,014 | 45,816 | 159,762 | 163,269 |
| 2025 | 39,600 | 37,099 | 273,596 | 3,790 | 166,153 | 156,761 |
| 2026 | 42,000 | 35,267 | 281,393 | 29,887 | 3,681,529 | 149,991 |
| 2027 | 43,800 | 33,325 | 289,413 | 21,640 | - | - |
| 2028-2032 | 252,000 | 133,179 | 603,804 | 17,618 | - | - |
| 2033-2037 | 321,000 | 64,698 | - | - | - | - |
| 2038-2040 | 73,200 | 3,477 | - | - | - | - |
| Total | 846,600 | 386,442 | 1,972,863 | 172,032 | 4,161,062 | 639,549 |
| Current portion | (36,600) | (40,522) | (258,643) | (53,281) | (153,618) | (169,528) |
| Payable after one year | \$ 810,000 | \$ 345,920 | \$ 1,714,220 | \$ 118,751 | \$ 4,007,444 | \$ 470,021 |

| <i>For the years ending December 31,</i> | Business-Type Activities | | | | | |
|--|--------------------------|-----------|-----------------------|-----------|-----------------------|-----------|
| | State Revolving Loan | | Water Relocation Note | | Sewer Relocation Note | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 75,073 | \$ 17,310 | \$ 18,190 | \$ 4,585 | \$ 69,925 | \$ 17,627 |
| 2024 | 51,976 | 15,760 | 18,708 | 4,067 | 71,918 | 15,634 |
| 2025 | 53,573 | 14,162 | 19,241 | 3,534 | 73,968 | 13,585 |
| 2026 | 55,220 | 12,516 | 19,790 | 2,985 | 76,076 | 11,477 |
| 2027 | 56,917 | 10,819 | 20,354 | 2,421 | 78,244 | 9,308 |
| 2028-2032 | 311,924 | 26,756 | 64,606 | 3,717 | 248,369 | 14,290 |
| 2033-2037 | - | - | - | - | - | - |
| 2038-2040 | - | - | - | - | - | - |
| Total | 604,683 | 97,323 | 160,889 | 21,309 | 618,500 | 81,921 |
| Current portion | (75,073) | (17,310) | (18,190) | (4,585) | (69,925) | (17,627) |
| Payable after one year | \$ 529,610 | \$ 80,013 | \$ 142,699 | \$ 16,724 | \$ 548,575 | \$ 64,294 |

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 11 – NON-CURRENT LIABILITIES (Continued)

| <i>For the years ending December 31,</i> | Business-Type Activities | | | |
|--|--------------------------|-----------|--------------|--------------|
| | Gas Relocation Note | | Total | |
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 66,449 | \$ 16,751 | \$ 678,498 | \$ 319,604 |
| 2024 | 68,343 | 14,857 | 675,121 | 298,278 |
| 2025 | 70,291 | 12,909 | 696,422 | 241,840 |
| 2026 | 72,294 | 10,906 | 4,228,302 | 253,029 |
| 2027 | 74,355 | 8,846 | 563,083 | 86,359 |
| 2028-2032 | 236,023 | 13,579 | 1,716,726 | 209,139 |
| 2033-2037 | - | - | 321,000 | 64,698 |
| 2038-2040 | - | - | 73,200 | 3,477 |
| Total | 587,755 | 77,848 | 8,952,352 | 1,476,424 |
| Current portion | (66,449) | (16,751) | (678,498) | (319,604) |
| Payable after one year | \$ 521,306 | \$ 61,097 | \$ 8,273,854 | \$ 1,156,820 |

Changes in Non-Current Liabilities

The following is a summary of changes in long-term debt and other non-current liabilities of the City:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------|--------------|-------------------|------------------------|
| Governmental activities | | | | | |
| Revenue Improvement Bonds, Series 2007 | \$ 6,463,600 | \$ - | \$ (255,200) | \$ 6,208,400 | \$ 268,400 |
| Redevelopment Revenue Note, Series 2021 | 10,700,000 | - | (401,250) | 10,298,750 | 416,408 |
| Capital Improvement Revenue Note, Series 2021 | 1,300,000 | - | (48,750) | 1,251,250 | 50,592 |
| Revenue Improvement Bonds, Series 2016B | 2,220,219 | - | (76,659) | 2,143,560 | 79,186 |
| Stormwater Improvement Bonds, Series 2020 | 1,268,323 | - | (52,916) | 1,215,407 | 54,435 |
| Less deferred amounts for issuance discount | (25,167) | - | 1,590 | (23,577) | - |
| Compensated absences | 337,458 | (10,404) | - | 327,054 | 75,375 |
| Governmental activity long-term liabilities | \$ 22,264,433 | \$ (10,404) | \$ (833,185) | \$ 21,420,844 | \$ 944,396 |

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 11 – NON-CURRENT LIABILITIES (Continued)

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-----------|----------------|-------------------|------------------------|
| Business-type activities | | | | | |
| Revenue Improvement Bonds, Series 2007 | \$ 881,400 | \$ - | \$ (34,800) | \$ 846,600 | \$ 36,600 |
| SSRU Refunding Revenue Note | 2,224,339 | - | (251,476) | 1,972,863 | 258,643 |
| Revenue Improvement Bonds, Series 2016A | 4,308,771 | - | (147,709) | 4,161,062 | 153,618 |
| Lease payable, meters | 2,077,488 | - | (442,721) | 1,634,767 | 490,495 |
| State revolving loan | 652,871 | - | (48,188) | 604,683 | 75,073 |
| Water relocation note payable | 178,575 | - | (17,686) | 160,889 | 18,190 |
| Sewer relocation note payable | 686,488 | - | (67,988) | 618,500 | 69,925 |
| Gas relocation note payable | 652,363 | - | (64,609) | 587,754 | 66,449 |
| Compensated absences | 207,202 | 50,236 | - | 257,438 | 99,535 |
| Business-type activity long-term liabilities | \$ 11,869,497 | \$ 50,236 | \$ (1,075,177) | \$ 10,844,556 | \$ 1,268,528 |

Debt Covenants

The City has a number of covenants in the debt agreements, including a rate covenant requiring net revenue of South Santa Rosa Utilities to be at least 125% of annual debt service requirements.

Compensated Absences

For the governmental activities, claims and judgements and compensated absences are generally liquidated by the General Fund.

NOTE 12 – ADVANCE REFUNDING OF DEBT

The City has issued refunding revenue bonds to defease certain outstanding bonds to achieve debt service coverage savings. The City has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to insure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. Although defeased, the refunded debt from these earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues.

City of Gulf Breeze, Florida
Notes to Financial Statements

NOTE 13 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at September 30, 2022 is as follows:

| | Due to: | | | | Total |
|------------------------|---------------------|-------------------------------------|------------------------------------|-----------|------------------|
| | General Fund | Non-major Governmental Funds | Non-major Proprietary Funds | | |
| Due from: | | | | | |
| General fund | \$ - | \$ - | \$ 1,580 | \$ | 1,580 |
| Stormwater Management | 500,000 | - | - | | 500,000 |
| Natural Gas | 500,000 | - | - | | 500,000 |
| Non-major Governmental | 17,116 | 5,317 | - | | 22,433 |
| Non-major Proprietary | 53,000 | - | - | | 53,000 |
| Total | \$ 1,070,116 | \$ 5,317 | \$ 1,580 | \$ | 1,077,013 |

Significant interfund balances are comprised of a receivable from the Natural Gas Fund to the General Fund for providing funding for the pipeline extension project; a receivable from the Stormwater Management Fund to the General Fund for providing funding for capital improvements; and a receivable from the Solid Waste fund to the General Fund for providing funding for operations.

| | Transfer to: | | | Total |
|--------------------------|---------------------|------------------------------|------------------------|---------------------|
| | General Fund | Stormwater Management | Water and Sewer | |
| Transfer from: | | | | |
| General fund | \$ - | \$ 549,559 | \$ 169,140 | \$ 718,699 |
| Urban Core Redevelopment | 376,395 | 422,000 | - | 798,395 |
| Stormwater Management | 117,101 | - | - | 117,101 |
| Water and Sewer | 772,252 | 139,544 | - | 911,796 |
| Natural Gas | 338,102 | - | - | 338,102 |
| Non-major Governmental | 553,400 | - | - | 553,400 |
| Non-major Proprietary | 53,087 | - | - | 53,087 |
| Total | \$ 2,210,337 | \$ 1,111,103 | \$ 169,140 | \$ 3,490,580 |

Interfund balances are comprised of transfers between funds to provide funding for various programs, initiatives, debt payments, shared overhead costs, and to provide funding for capital projects and improvements.

NOTE 13 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

The total transfers into the General Fund from other funds is \$2,210,337 for the 2022 fiscal year. The transfer of \$549,559 from the General Fund to the Stormwater Fund has been obligated by the City Council for use on Stormwater Projects and payment of debt service. Some examples of transfers to the General Fund include transfers of \$376,395 from the CRA for police support and administration support. The Stormwater Fund transferred \$117,101 for administrative support and debt service. Non-major proprietary funds transferred \$53,087 for internal service allocation. Nonmajor governmental funds transferred \$553,400 for multiple capital projects, and debt service payments.

NOTE 14 – JOINT VENTURE

As defined in GASB Statement No. 14, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, a joint venture is a separate legal entity or other organization that results from a contractual arrangement (or interlocal agreement) and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an ongoing financial responsibility. The City, Holley-Navarre Water System, Inc. and Midway Water System, Inc. agreed to work together and pursue collective solutions to future water supply needs to residents of Santa Rosa County and the surrounding areas. As a result, they created the Fairpoint Regional Utility System (FRUS), which is owned one-third by each.

The investment is accounted for under the equity method of accounting and is included with other assets on the Statement of Net Position. During 2022, the City's investment value in the joint venture increased by \$732,816, and as of September 30, 2022, totaled \$5,723,684. A copy of the financial statements for FRUS is available by writing to 8574 Turkey Bluff Road, Navarre, Florida 32569.

During the year ended September 30, 2022, the City had a "take or pay" minimum purchase commitment with FRUS. The on-going commitment requires the City to accept and pay for an average of 2,150,803 gallons of water per day over the billing period. If FRUS cannot provide those volumes despite its best efforts, then the commitment is reduced proportionately to the deliverable volumes. The FRUS rate was \$1.55 per thousand gallons. The minimum water usage requirement was eliminated for fiscal year 2023.

NOTE 15 – SETTLEMENT INCOME

During the year ended September 30, 2022, the City received approximately \$3.7 million of settlement proceeds that were associated with financing transactions initiated by the City's GBFS department in 1985. The City issued \$500 million of bonds in 1985 to sponsor a pooled multi-jurisdictional financing program in the State of Florida. Certain portions of these amounts, totaling approximately \$70 million, were remarketed in 2010 as part of a loan transaction with the City of Miami Beach, Florida (the "1985J Bonds"). The 1985J bonds matured in December 2020, and certain reserve funds were remitted back to the City when a crossover refinance was completed by the City of Miami Beach.

NOTE 16 – RELATED PARTY TRANSACTIONS

The City Council appoints the Directors of CTA. During the year ended September 30, 2022, CTA transferred \$1,800,000 to the City. The transaction was reflected as revenue of the City and an expense of CTA in the statement of activities. The purpose of the transfer was to subsidize the governmental operations of the City.

CTA and CTA-CDE share office space with GBFS. In addition, certain expenses incurred by GBFS, such as payroll and related fringe benefits, general and administrative expenses, and professional fees are also allocated to CTA and CTA-CDE. Total costs allocated to CTA for the year ended September 30, 2022 were \$61,686, none of which remained unpaid.

The salaries and benefits related to the CTA Executive Director's employment contract are charged in full to CTA, but are paid by GBFS and reimbursed. For the year ended September 30, 2022, those expenses totaled \$138,486, of which \$2,285 remained unpaid and is included in CTA's accrued liabilities as of September 30, 2022.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Grant Receipts

Amounts received or receivable from grants are subject to audit and adjustment by the grantor. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

Construction Contracts

The City has approximately \$15,040,000 in engineering services and construction contracts. As of September 30, 2022, the remaining contractual commitments under these contracts totaled approximately \$7,015,000.

Minimum Purchase Commitment

As discussed in Note 14, the City had a minimum purchase commitment with FRUS which required the City to accept and pay for an average of 2,150,803 gallons of water per day over the billing period.

Property Taxes

The City has been in a dispute with the Santa Rosa Tax Collector related to the paying of property taxes on the Tiger Point Golf Course since 2016. The City has prevailed in all court proceedings until the First District Court of Appeals reversed the original ruling in 2022. The City intends to appeal the ruling and has paid the back taxes to discontinue the accrual of interest while the case moves forward.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

Environmental Fine

In April 2021, a third-party contractor connected one of the City's sewer line for a home under construction to a water main operated by Midway Water System, Inc. (Midway). As the home remained unoccupied until September 2021, the issue was not discovered until October 2021 at which time Midway contacted the Florida Department of Environmental Protection (DEP). The cross connection also caused the drinking water to be contaminated for surrounding homes. In January 2022, the DEP issued a draft consent order proposing that the third-party contractor, Midway and the City pay penalties totaling \$3,260,847. The City's share of the penalty is \$1,000,000. Under the consent order, the City may implement an in-kind project approved by DEP in lieu of making a cash payment of \$1,000,000. The value of the in-kind project has to be at least one and a half times the penalty amount, or \$1,500,000. The city council approved the consent order during its March 2022 meeting and voted to implement in-kind projects during 2022. As a result, the City obligated \$1,500,000 of its net position at September 30, 2022 to be used for the in-kind projects. The City believes that any potential liability to homeowners affected by the contaminated water will not be significant and as a result, no accrual has been recorded.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Gulf Breeze, Florida
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and
Actual – General Fund
Schedule A-1

| <i>For the year ended September 30, 2022</i> | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|----------------------|---|
| Revenues | | | | |
| Taxes | \$ 3,826,040 | \$ 3,937,697 | \$ 3,938,356 | \$ 659 |
| Licenses and permits | 82,300 | 82,300 | 97,768 | 15,468 |
| Intergovernmental | 1,167,844 | 1,399,609 | 2,126,190 | 726,581 |
| Charges for services | 401,005 | 411,223 | 425,687 | 14,464 |
| Fines and forfeitures | 68,500 | 72,500 | 110,536 | 38,036 |
| Investment earnings | 30,000 | 30,000 | (340,343) | (370,343) |
| Contributions from component unit | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Miscellaneous | 55,500 | 87,700 | 138,249 | 50,549 |
| Total revenues | 6,631,189 | 7,021,029 | 7,496,443 | 475,414 |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,361,816 | 1,599,999 | 1,380,416 | 219,583 |
| Public safety | 3,169,335 | 3,284,515 | 3,268,453 | 16,062 |
| Economic environment | 331,822 | 335,535 | 317,191 | 18,344 |
| Culture and recreation | 1,760,005 | 1,895,126 | 1,962,514 | (67,388) |
| Capital outlay | 4,489,935 | 8,217,280 | 2,848,999 | 5,368,281 |
| Debt service | | | | |
| Principal | 250,096 | 250,096 | 250,615 | (519) |
| Interest | 297,469 | 297,469 | 297,469 | - |
| Total expenditures | 11,660,478 | 15,880,020 | 10,325,657 | 5,554,363 |
| Excess (deficiency) of revenues over (under) expenditures | (5,029,289) | (8,858,991) | (2,829,214) | 6,029,777 |
| Other Financing Sources (Uses) | | | | |
| Settlement proceeds | - | - | 3,818,907 | 3,818,907 |
| Issuance of debt | - | - | 5,260 | 5,260 |
| Transfers in | 2,208,553 | 2,208,553 | 2,210,337 | 1,784 |
| Transfers out | (718,699) | (718,699) | (718,699) | - |
| Net other financing sources (uses) | 1,489,854 | 1,489,854 | 5,315,805 | 3,825,951 |
| Appropriation of Fund Balance | 3,539,435 | 6,236,369 | - | (6,236,369) |
| Net change in fund balances | - | (1,132,768) | 2,486,591 | 3,619,359 |
| Fund balances, beginning of year | | | 7,806,441 | |
| Fund balances, end of year | | | <u>\$ 10,293,032</u> | |

City of Gulf Breeze, Florida

**Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and
Actual – Urban Core Redevelopment Special Revenue Fund
Schedule A-2**

| <i>For the year ended September 30, 2022</i> | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|----------------------|---|
| Revenues | | | | |
| Taxes | \$ 2,565,112 | \$ 2,632,016 | \$ 1,278,664 | \$ (1,353,352) |
| Intergovernmental | 22,830 | 22,830 | 19,346 | (3,484) |
| Total revenues | 2,587,942 | 2,654,846 | 1,298,010 | (1,356,836) |
| Expenditures | | | | |
| Current | | | | |
| General government | 891,168 | 911,475 | 329,969 | 581,506 |
| Capital outlay | 313,000 | 744,904 | 255,668 | 489,236 |
| Debt service | | | | |
| Principal | 401,250 | 401,250 | 401,250 | - |
| Interest | 184,129 | 184,129 | 184,129 | - |
| Total expenditures | 1,789,547 | 2,241,758 | 1,171,016 | 1,070,742 |
| Excess (deficiency) of revenues over (under) expenditures | 798,395 | 413,088 | 126,994 | (286,094) |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (798,395) | (798,395) | (798,395) | - |
| Net other financing sources (uses) | (798,395) | (798,395) | (798,395) | - |
| Appropriation of Fund Balance | - | - | - | - |
| Net change in fund balances | - | (385,307) | (671,401) | (286,094) |
| Fund balances, beginning of year | | | 12,152,762 | |
| Fund balances, end of year | | | <u>\$ 11,481,361</u> | |

City of Gulf Breeze, Florida

**Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and
Actual – Stormwater Management Special Revenue Fund
Schedule A-3**

| <i>For the year ended September 30, 2022</i> | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| Revenues | | | | |
| Taxes | \$ 920,000 | \$ 920,000 | \$ 1,120,468 | \$ 200,468 |
| Intergovernmental | 1,934,788 | 1,934,788 | 39,503 | (1,895,285) |
| Charges for services | 504,400 | 504,400 | 486,049 | (18,351) |
| Contributions from component unit | 800,000 | 800,000 | 800,000 | - |
| Miscellaneous | - | - | 22,279 | 22,279 |
| Total revenues | 4,159,188 | 4,159,188 | 2,468,299 | (1,690,889) |
| Expenditures | | | | |
| Current | | | | |
| General government | 345,043 | 408,062 | 604,689 | (196,627) |
| Transportation | 980,129 | 2,028,044 | 1,116,993 | 911,051 |
| Capital outlay | 3,604,029 | 8,719,471 | 3,062,248 | 5,657,223 |
| Debt service | | | | |
| Principal | 182,910 | 182,910 | 182,910 | - |
| Interest | 164,454 | 164,454 | 155,379 | 9,075 |
| Total expenditures | 5,276,565 | 11,502,941 | 5,122,219 | 6,380,722 |
| Excess (deficiency) of revenues over (under) expenditures | (1,117,377) | (7,343,753) | (2,653,920) | 4,689,833 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,111,103 | 1,111,103 | 1,111,103 | - |
| Transfers out | (117,101) | (117,101) | (117,101) | - |
| Net other financing sources (uses) | 994,002 | 994,002 | 994,002 | - |
| Appropriation of Fund Balance | 123,375 | 181,375 | - | (181,375) |
| Net change in fund balances | - | (6,168,376) | (1,659,918) | 4,508,458 |
| Fund balances, beginning of year | | | 3,646,952 | |
| Fund balances, end of year | | | \$ 1,987,034 | |

City of Gulf Breeze, Florida
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan
Last Ten Fiscal Years
Schedule A-4

| <i>As of and for the year ended December 31,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| City of Gulf Breeze's proportion of net pension liability | 0.0846543% | 0.0007327% | 0.0012967% | 0.0018754% | 0.0020285% | 0.0020084% | 0.0027775% | 0.0025905% | 0.0030365% |
| City of Gulf Breeze's proportionate share of net pension liability | 259,633 | 55,349 | 562,040 | 645,875 | 610,995 | 594,282 | 701,325 | 334,599 | 185,269 |
| City of Gulf Breeze's covered payroll | 172,019 | 158,554 | 268,559 | 379,072 | 445,335 | 436,196 | 581,730 | 619,394 | 466,539 |
| City of Gulf Breeze's proportionate share of net pension liability as a percentage of covered payroll | 150.93% | 34.91% | 209.28% | 170.38% | 137.20% | 136.24% | 120.56% | 54.02% | 39.71% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

City of Gulf Breeze, Florida
Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Program
Last Ten Fiscal Years
Schedule A-5

| <i>As of and for the year ended December 31,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| City of Gulf Breeze's proportion of net pension liability | 0.0471831% | 0.0004479% | 0.0007738% | 0.0011334% | 0.0013641% | 0.0013685% | 0.0018844% | 0.0019952% | 0.0022284% |
| City of Gulf Breeze's proportionate share of net pension liability | 49,974 | 54,937 | 94,477 | 126,820 | 144,373 | 146,322 | 219,620 | 203,479 | 208,356 |
| City of Gulf Breeze's covered payroll | 172,019 | 158,554 | 268,559 | 379,072 | 445,335 | 436,196 | 581,730 | 619,394 | 466,539 |
| City of Gulf Breeze's proportionate share of net pension liability as a percentage of covered payroll | 29.05% | 34.65% | 35.18% | 33.46% | 32.42% | 33.55% | 37.75% | 32.85% | 44.66% |
| Plan fiduciary net position as a percentage of the total pension liability | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

City of Gulf Breeze, Florida
Schedule of Changes in Employer Net Pension Liability and Related Ratio – Florida Municipal Pension Trust Fund
Last Ten Fiscal Years
Schedule A-6

| <i>As of and for the year ended December 31,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|----------------|--------------|--------------|--------------|--------------|------------|--------------|
| Total Pension Liability | | | | | | | | |
| Share plan | \$ (75,405) | \$ 141,835 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Service cost | 326,564 | 364,533 | 320,289 | 277,894 | 244,776 | 214,151 | 216,594 | 186,827 |
| Expected interest growth | 425,598 | 402,084 | 352,866 | 339,978 | 300,455 | 306,049 | 273,428 | 220,509 |
| Demographic experience | (330,620) | (160,146) | 285,728 | (426,231) | 767,868 | (502,508) | 273,650 | (245,857) |
| Benefit payments & refunds | (74,455) | (52,788) | (300,906) | (49,239) | (780,158) | (46,223) | (302,946) | (41,752) |
| Assumption changes | - | (169,187) | - | - | - | (76,333) | - | 614,926 |
| Net change in total pension liability | 271,682 | 526,331 | 657,977 | 142,402 | 532,941 | (104,864) | 460,726 | 734,653 |
| Total pension liability - beginning | 5,936,398 | 5,410,067 | 4,752,090 | 4,609,688 | 4,076,747 | 4,181,611 | 3,720,885 | 2,986,232 |
| Total pension liability - ending | 6,208,080 | 5,936,398 | 5,410,067 | 4,752,090 | 4,609,688 | 4,076,747 | 4,181,611 | 3,720,885 |
| Plan Fiduciary Net Position | | | | | | | | |
| Share plan | \$ (75,405) | \$ 141,835 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expected interest growth | 504,188 | 405,366 | 368,544 | 340,874 | 326,109 | 296,764 | 270,036 | 268,340 |
| Unexpected investment income | (1,470,933) | 696,727 | (8,312) | (66,283) | 45,789 | 271,691 | 52,230 | (272,191) |
| Employer contributions | 362,854 | 350,860 | 304,573 | 247,998 | 246,799 | 248,563 | 205,273 | 164,799 |
| Employee contributions | 41,124 | 38,490 | 38,549 | 33,813 | 28,558 | 26,902 | 25,241 | 26,716 |
| Benefit payments & refunds | (74,455) | (52,788) | (300,906) | (49,239) | (780,158) | (46,223) | (302,946) | (41,752) |
| Administrative expense | (23,620) | (23,310) | (18,946) | (17,716) | (19,485) | (15,900) | (16,678) | (14,254) |
| Net change in plan fiduciary net position | (736,247) | 1,557,180 | 383,502 | 489,447 | (152,388) | 781,797 | 233,156 | 131,658 |
| Plan fiduciary net position - beginning | 7,194,151 | 5,636,971 | 5,253,469 | 4,764,022 | 4,916,410 | 4,134,613 | 3,901,457 | 3,769,799 |
| Plan fiduciary net position - ending | 6,457,904 | 7,194,151 | 5,636,971 | 5,253,469 | 4,764,022 | 4,916,410 | 4,134,613 | 3,901,457 |
| Net pension liability (asset) - ending | \$ (249,824) | \$ (1,257,753) | \$ (226,904) | \$ (501,379) | \$ (154,334) | \$ (839,663) | \$ 46,998 | \$ (180,572) |
| Plan fiduciary net position as a percentage of the total pension liability | 104.02% | 121.19% | 104.19% | 110.55% | 103.35% | 120.60% | 98.88% | 104.85% |
| Covered payroll | \$ 919,323 | \$ 1,012,952 | \$ 879,140 | \$ 757,353 | \$ 702,730 | \$ 621,418 | \$ 632,650 | \$ 560,545 |
| Net pension liability as a percentage of covered payroll | -27.17% | -124.17% | -25.81% | -66.20% | -21.96% | -135.12% | 7.43% | -32.21% |

City of Gulf Breeze, Florida
Schedule of Contributions – Florida Retirement System Pension Plan
Last Ten Fiscal Years
Schedule A-7

| <i>As of and for the year ended December 31,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contributions | \$ 36,124 | \$ 27,668 | \$ 30,194 | \$ 51,715 | \$ 53,247 | \$ 47,110 | \$ 57,239 | \$ 59,916 | \$ 67,591 |
| Contributions in relation to the contractually required contribution | (36,124) | (27,668) | (30,194) | (51,715) | (53,247) | (47,110) | (57,239) | (59,916) | (67,591) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City of Gulf Breeze's covered payroll | \$ 172,019 | \$ 158,834 | \$ 211,198 | \$ 371,073 | \$ 438,225 | \$ 438,197 | \$ 554,088 | \$ 618,721 | \$ 608,979 |
| Contribution as a percentage of covered payroll | 21.00% | 17.42% | 14.30% | 13.94% | 12.15% | 10.75% | 10.33% | 9.68% | 11.10% |

City of Gulf Breeze, Florida
Schedule of Contributions – Health Insurance Subsidy Program
Last Ten Fiscal Years
Schedule A-8

| <i>As of and for the year ended December 31,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contributions | \$ 2,855 | \$ 5,356 | \$ 7,074 | \$ 12,895 | \$ 13,923 | \$ 13,114 | \$ 16,807 | \$ 13,687 | \$ 14,066 |
| Contributions in relation to the contractually required contribution | (2,855) | (5,356) | (7,074) | (12,895) | (13,923) | (13,114) | (16,807) | (13,687) | (14,066) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City of Gulf Breeze's covered payroll | \$ 172,019 | \$ 158,834 | \$ 211,198 | \$ 371,073 | \$ 438,225 | \$ 438,197 | \$ 554,088 | \$ 618,721 | \$ 608,979 |
| Contribution as a percentage of covered payroll | 1.66% | 3.37% | 3.35% | 3.48% | 3.18% | 2.99% | 3.03% | 2.21% | 2.31% |

City of Gulf Breeze, Florida
Schedule of Contributions – Florida Municipal Pension Trust Fund
Last Ten Fiscal Years
Schedule A-9

| <i>As of and for the year ended December 31,</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contributions | \$ 304,420 | \$ 292,425 | \$ 246,139 | \$ 203,262 | \$ 174,722 | \$ 190,129 | \$ 152,604 | \$ 120,446 | \$ 196,200 | \$ 268,765 |
| Contributions in relation to the contractually required contribution | (304,420) | (292,425) | (246,139) | (203,262) | (174,722) | (190,129) | (152,604) | (120,446) | (196,200) | (268,765) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City of Gulf Breeze's covered payroll | \$ 919,323 | \$ 1,012,952 | \$ 879,140 | \$ 757,353 | \$ 702,730 | \$ 621,418 | \$ 632,650 | \$ 560,545 | \$ 573,863 | \$ 573,863 |
| Contribution as a percentage of covered payroll | 33.11% | 28.87% | 28.00% | 26.84% | 24.86% | 30.60% | 24.12% | 21.49% | 34.19% | 46.83% |

City of Gulf Breeze, Florida
Notes to the Schedule of Contributions – Florida Municipal Pension Trust Fund
Schedule A-10

Police Office Retirement Fund

Contribution rates:

| | |
|--------------------------|--------|
| City | 23.25% |
| Plan members | 4.00% |
| Chapter 185 contribution | 6.36% |

| | | |
|---------------------|----|---------|
| Annual pension cost | \$ | 326,564 |
|---------------------|----|---------|

Contributions made:

| | | |
|------------------|----|---------|
| Plan members | \$ | 41,124 |
| Employer | \$ | 304,420 |
| State of Florida | \$ | - |

| | | |
|-------------------|----|---------|
| Net pension asset | \$ | 249,824 |
|-------------------|----|---------|

| | |
|--------------------------|-----------|
| Actuarial valuation date | 10/1/2021 |
|--------------------------|-----------|

| | |
|-----------------------|-----------------------|
| Actuarial cost method | Aggregate Cost Method |
|-----------------------|-----------------------|

| | |
|----------------------------|------------|
| Actuarial valuation method | Fair value |
|----------------------------|------------|

Actuarial assumptions:

| | |
|-----------------------------|---|
| Interest (or discount) rate | 7.00% per annum (2.62% per annum is attributable to long-term inflation) |
| Projected salary increases | 4.00% per annum |
| Cost-of-living increases | 3.00% per year, delayed three years after returnment with respect to benefits earned after February 3, 2014 |

| | |
|----------------|---|
| Retirement age | Assumed to occur at normal retirement age |
|----------------|---|

| | |
|-----------------|---|
| Mortality basis | Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public employees, with full generational improvements in mortality using Scale MP-2018 |
|-----------------|---|

| | |
|----------------------|--|
| Future contributions | Contributions from the employer and employees are assumed to be made as legally required |
|----------------------|--|

| | |
|---------|---|
| Changes | No assumptions were changed since the prior measurement date. |
|---------|---|

City of Gulf Breeze, Florida
Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability and Related Ratios
Last Ten Fiscal Years
Schedule A-11

| <i>As of and for the year ended December 31,</i> | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------------|--------------|--------------|--------------|--------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 12,716 | \$ 12,505 | \$ 4,615 | \$ 4,178 | \$ 3,681 |
| Interest | 2,954 | 2,689 | 2,178 | 2,778 | 2,959 |
| Differences between expected and actual experience | 20,066 | - | 14,793 | - | - |
| Changes in assumptions or other inputs | (15,994) | (445) | 18,068 | 3,462 | 3,184 |
| Benefit payments | (2,683) | (9,160) | (6,316) | (4,713) | (2,426) |
| Net change in total OPEB liability | 17,059 | 5,589 | 33,338 | 5,705 | 7,398 |
| Total OPEB liability - beginning | 119,353 | 113,764 | 80,426 | 74,721 | 67,323 |
| Total OPEB liability - ending | 136,412 | 119,353 | 113,764 | 80,426 | 74,721 |
| Covered payroll | \$ 6,341,209 | \$ 5,516,000 | \$ 5,354,935 | \$ 4,198,000 | \$ 4,055,975 |
| Net pension liability as a percentage of covered payroll | 2.15% | 2.16% | 2.12% | 1.92% | 1.84% |

NOTE: Information is presented for those years in which information is available.

The plan is funded on a pay-as-you-go basis, and there are no assets being accumulated in trust to pay benefits.

OTHER SUPPLEMENTARY INFORMATION

CITY OF GULF BREEZE, FLORIDA

COMBINING AND INDIVIDUAL FUND STATEMENTS

These financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there is more than one fund of a given fund type.

CITY OF GULF BREEZE, FLORIDA

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

Traffic Citation Special Revenue Fund

To account for funds received for traffic red-light citations

Police Special Revenue Fund

To account for funds received for certain fines as well as other police-related revenues

Tourist Development Special Revenue Fund

To account for funds received for tourist development

City of Gulf Breeze, Florida
Combining Balance Sheet – Nonmajor Governmental Funds
Statement B-1

| <i>September 30, 2022</i> | Traffic Citation Special Revenue | Police Special Revenue | Tourist Development Special Revenue | Total |
|--|---|------------------------------|--|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 214,157 | \$ 79,568 | \$ - | \$ 293,725 |
| Interfund receivables | 1,580 | 5,317 | - | 6,897 |
| Due from other governments | - | 3,476 | 228,885 | 232,361 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 98,650 | 945,462 | 1,044,112 |
| Total assets | \$ 215,737 | \$ 187,011 | \$ 1,174,347 | \$ 1,577,095 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 38,026 | \$ 1,269 | \$ - | \$ 39,295 |
| Interfund payables | 22,433 | - | - | 22,433 |
| Due to other governments | 24,568 | - | - | 24,568 |
| Total liabilities | 85,027 | 1,269 | - | 86,296 |
| Fund balances | | | | |
| Restricted for | | | | - |
| Public safety | - | 185,742 | - | 185,742 |
| Community redevelopment | | - | 1,174,347 | 1,174,347 |
| Assigned for | | | | |
| Public Safety | 130,710 | - | - | 130,710 |
| Unassigned | - | - | - | - |
| Total fund balances | 130,710 | 185,742 | 1,174,347 | 1,490,799 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 215,737 | \$ 187,011 | \$ 1,174,347 | 1,577,095 |

City of Gulf Breeze, Florida
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Statement B-2

| <i>For the year ended September 30, 2022</i> | Traffic Citation Special Revenue | Police Special Revenue | Tourist Development Special Revenue | Total |
|--|---|------------------------------|--|---------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ 735,831 | \$ 735,831 |
| Intergovernmental | - | 30,224 | - | 30,224 |
| Fines and forfeitures | 509,601 | 21,103 | - | 530,704 |
| Investment earnings | - | 331 | - | 331 |
| Miscellaneous | 17 | 9,091 | - | 9,108 |
| Total revenues | 509,618 | 60,749 | 735,831 | 1,306,198 |
| Expenditures | | | | |
| Current | | | | |
| General government | - | 2,050 | - | 2,050 |
| Public safety | 237,012 | 32,809 | - | 269,821 |
| Culture and recreation | - | - | 49,712 | 49,712 |
| Capital outlay | - | 18,848 | - | 18,848 |
| Total expenditures | 237,012 | 53,707 | 49,712 | 340,431 |
| Excess (deficiency) of revenues over (under) expenditures | 272,606 | 7,042 | 686,119 | 965,767 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (140,500) | - | (412,900) | (553,400) |
| Net other financing sources (uses) | (140,500) | - | (412,900) | (553,400) |
| Net change in fund balances | 132,106 | 7,042 | 273,219 | 412,367 |
| Fund balances, beginning of year | (1,396) | 178,700 | 901,128 | 1,078,432 |
| Fund balances, end of year | \$ 130,710 | \$ 185,742 | \$ 1,174,347 | \$ 1,490,799 |

City of Gulf Breeze, Florida

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual – Traffic Citation Special Revenue Fund**

Statement B-3

| <i>For the year ended September 30, 2022</i> | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|------------------|-------------------|---|
| Revenues | | | | |
| Fines and forfeitures | \$ 450,000 | \$ 450,000 | 509,601 | 59,601 |
| Miscellaneous | - | - | 17 | 17 |
| Total revenues | 450,000 | 450,000 | 509,618 | 59,618 |
| Expenditures | | | | |
| Current | | | | |
| Public safety | 309,500 | 343,582 | 237,012 | 106,570 |
| Total expenditures | 309,500 | 343,582 | 237,012 | 106,570 |
| Excess (deficiency) of revenues over (under) expenditures | 140,500 | 106,418 | 272,606 | 166,188 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (140,500) | (140,500) | (140,500) | - |
| Net other financing sources (uses) | (140,500) | (140,500) | (140,500) | - |
| Appropriation of Fund Balance | - | - | - | - |
| Net change in fund balances | - | (34,082) | 132,106 | 166,188 |
| Fund balances, beginning of year | | | (1,396) | |
| Fund balances, end of year | | | <u>\$ 130,710</u> | |

City of Gulf Breeze, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget
and Actual – Tourist Development Special Revenue Fund
Statement B-4

| <i>For the year ended September 30, 2022</i> | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|--------------|---|
| Revenues | | | | |
| Taxes | \$ 265,000 | \$ 265,000 | \$ 735,831 | \$ 470,831 |
| Total revenues | 265,000 | 265,000 | 735,831 | 470,831 |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | 216,500 | 216,500 | 49,712 | 166,788 |
| Total expenditures | 216,500 | 216,500 | 49,712 | 166,788 |
| Excess (deficiency) of revenues over (under) expenditures | 48,500 | 48,500 | 686,119 | 637,619 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (412,900) | (412,900) | (412,900) | - |
| Net other financing sources (uses) | (412,900) | (412,900) | (412,900) | - |
| Appropriation of Fund Balance | 364,400 | 364,400 | - | (364,400) |
| Net change in fund balances | - | - | 273,219 | 273,219 |
| Fund balances, beginning of year | | | 901,128 | |
| Fund balances, end of year | | | \$ 1,174,347 | |

CITY OF GULF BREEZE, FLORIDA

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Solid Waste Control Fund

To account for the activities associated with managing the City's solid waste.

Innerarity Point Utilities Fund

To account for activities associated with operation of the water and sewer utilities of Innerarity Point, an unincorporated community in Escambia County, Florida.

City of Gulf Breeze, Florida
Combining Statement of Net Position – Nonmajor Proprietary Funds
Statement C-1

| | Business-type Activities - Enterprise Funds | | |
|--------------------------------------|---|----------------------------------|------------|
| | Solid Waste Control | Innerarity Point Utilities | Total |
| <i>September 30, 2022</i> | | | |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ (123,221) | \$ 132,330 | \$ 9,109 |
| Accounts receivable, net | 93,614 | 1,778 | 95,392 |
| Restricted cash and cash equivalents | 12,025 | - | 12,025 |
| Total current assets | (17,582) | 134,108 | 116,526 |
| Total assets | \$ (17,582) | \$ 134,108 | \$ 116,526 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 113,453 | \$ 16,544 | \$ 129,997 |
| Interfund payables | 53,000 | - | 53,000 |
| Due to other governments | - | 846 | 846 |
| Payable from restricted assets | | | |
| Customer deposits | 12,025 | - | 12,025 |
| Compensated absences | 3,729 | - | 3,729 |
| Total current liabilities | 182,207 | 17,390 | 199,597 |
| Noncurrent liabilities | | | |
| Compensated absences | 5,916 | - | 5,916 |
| Net OPEB liability | 3,327 | - | 3,327 |
| Total noncurrent liabilities | 9,243 | - | 9,243 |
| Total liabilities | 191,450 | 17,390 | 208,840 |
| Net Position | | | |
| Unrestricted | (209,032) | 116,718 | (92,314) |
| Total liabilities and net position | \$ (17,582) | \$ 134,108 | \$ 116,526 |

City of Gulf Breeze, Florida
Combining Statement of Revenues, Expenses and Changes in Net Position –
Nonmajor Proprietary Funds
Statement C-2

| | Business-type Activities - Enterprise Funds | | |
|---|---|----------------------------------|-------------|
| | Solid Waste Control | Innerarity Point Utilities | Total |
| <i>September 30, 2022</i> | | | |
| Operating Revenues | | | |
| Charges for services | \$ 878,660 | \$ - | \$ 878,660 |
| Total operating revenues | 878,660 | - | 878,660 |
| Operating Expenses | | | |
| Personal services | 225,959 | - | 225,959 |
| Contractual services | 706,940 | 16,545 | 723,485 |
| Supplies | 1,006 | - | 1,006 |
| Professional services | 6,388 | - | 6,388 |
| Repairs and maintenance | 250 | - | 250 |
| Office and utilities | (767) | - | (767) |
| Total operating expenses | 939,776 | 16,545 | 956,321 |
| Operating income (loss) | (61,116) | (16,545) | (77,661) |
| Nonoperating Revenues (Expenses) | | | |
| Miscellaneous | 370 | - | 370 |
| Total nonoperating revenue (expenses) | 370 | - | 370 |
| Income (Loss) Before Transfers | (60,746) | (16,545) | (77,291) |
| Transfers out | (53,087) | - | (53,087) |
| Change in net position | (113,833) | (16,545) | (130,378) |
| Net position, beginning of year | (95,199) | 133,263 | 38,064 |
| Net position, end of year | \$ (209,032) | \$ 116,718 | \$ (92,314) |

City of Gulf Breeze, Florida
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
Statement C-3

| | Business-type Activities - Enterprise Funds | | |
|--|---|----------------------------------|------------|
| | Solid Waste Control | Innerarity Point Utilities | Total |
| <i>For the year ended September 30, 2022</i> | | | |
| Operating Activities | | | |
| Cash received from customers for sales and services | \$ 907,132 | \$ 5,400 | \$ 912,532 |
| Cash payments to employees | (233,213) | - | (233,213) |
| Cash payments to suppliers for goods and services | (692,520) | - | (692,520) |
| Net cash provided (used) by operating activities | (18,601) | 5,400 | (13,201) |
| Noncapital Financing Activities | | | |
| Receipts for other non-operating revenues | 370 | - | 370 |
| Cash transfers out to other funds | (53,087) | - | (53,087) |
| Net cash used in noncapital financing activities | (52,717) | - | (52,717) |
| Net increase (decrease) in cash and cash equivalents | (71,318) | 5,400 | (65,918) |
| Cash and cash equivalents, beginning of year | (39,878) | 126,930 | 87,052 |
| Cash and cash equivalents, end of year | \$ (111,196) | \$ 132,330 | \$ 21,134 |

(Continued)

City of Gulf Breeze, Florida

Combining Statement of Cash Flows – Nonmajor Proprietary Funds (Continued)

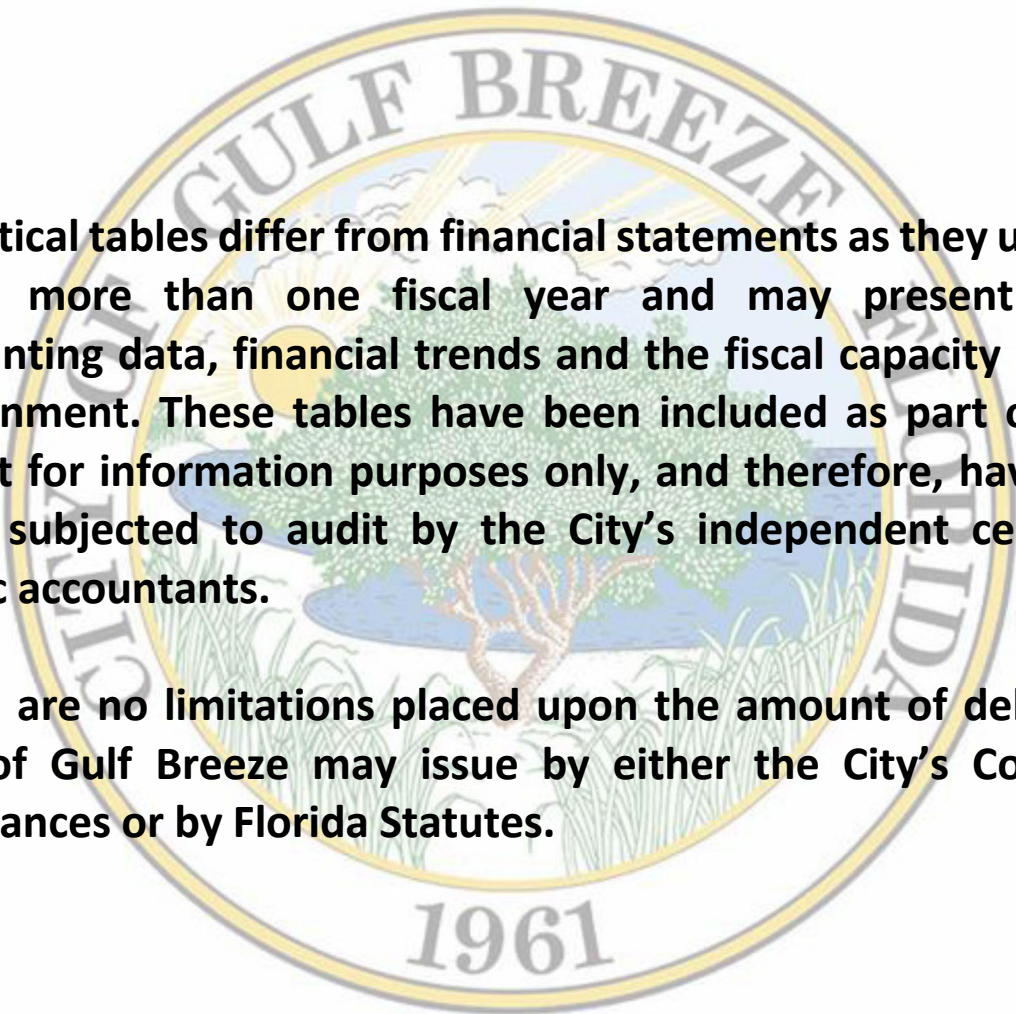
Statement C-3

| | Business-type Activities - Enterprise Funds | | |
|--|---|----------------------------------|-------------|
| | Solid Waste Control | Innerarity Point Utilities | Total |
| <i>For the year ended September 30, 2022</i> | | | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss) | \$ (61,116) | \$ (16,545) | \$ (77,661) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | |
| Change in assets, deferred outflows, liabilities and deferred inflows | | | |
| (Increase) decrease in assets and deferred outflows | | | |
| Accounts receivable | 28,472 | | 28,472 |
| Due from other governments | | 5,400 | 5,400 |
| Increase (decrease) in liabilities and deferred inflows | | | |
| Accounts payable | 16,137 | 16,545 | 32,682 |
| Accrued payroll and related liabilities | (7,254) | | (7,254) |
| Compensated absences | 2,844 | | 2,844 |
| Total OPEB liability | 2,316 | | 2,316 |
| Total adjustments | 42,515 | 21,945 | 64,460 |
| Net cash provided (used) by operating activities | \$ (18,601) | \$ 5,400 | \$ (13,201) |

Statistical Section

Statistical tables differ from financial statements as they usually cover more than one fiscal year and may present non-accounting data, financial trends and the fiscal capacity of the government. These tables have been included as part of this report for information purposes only, and therefore, have not been subjected to audit by the City's independent certified public accountants.

There are no limitations placed upon the amount of debt the City of Gulf Breeze may issue by either the City's Code of Ordinances or by Florida Statutes.



This part of the City of Gulf Breeze, Florida's Annual Comprehensive 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.

A. 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.

| | |
|-----------|---|
| Table I | Components of Net Position |
| Table II | Changes in Net Position |
| Table III | Charges for Services by Function and Program |
| Table IV | Components of Fund Balance |
| Table V | Changes in Fund Balances – Governmental Funds |

B. Revenue Capacity

| | |
|------------|--|
| Table VI | Property Tax Levies and Collections |
| Table VII | Assessed Value of Taxable Property |
| Table VIII | Property Tax Rates per \$1,000 of Taxable Value – All Direct and Overlapping Governments |
| Table IX | Principal Taxpayers – 2022 and Nine Years Ago |
| Table X | Special Assessment Billings and Collections |

C. Debt Capacity

| | |
|------------|---|
| Table XI | Outstanding Debt |
| Table XII | Ratio of Total Debt to Assessed Value |
| Table XIII | Computation of Legal Debt Margin |
| Table XIV | Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita |
| Table XV | Computation of Direct and Overlapping Debt – General Obligations |
| Table XVI | Revenue Bond Coverage – South Santa Rosa Utility Certificates |

D. Demographic and Economic Information Financial Trends

Table XVII Miscellaneous Demographical Statistics

Table XVIII Schedule of Property Value, Construction, and Bank Deposits

Table XIX Principal Employers (Over 50 Employees Reported)

E. Operating Information

Table XX Permits

Table XXI Water Service Rates as of September 30, 2022

Table XXII Sewer Service Rates as of September 30, 2022

Table XXIII Solid Waste Service Rates as of September 30, 2022

Table XXIV Natural Gas Service Rates as of September 30, 2022

Table XXV Insurance Coverage as of September 30, 2022

Table XXVI Full-time Equivalent City Government Employees by Function

Table XXVII Operating Indicators by Function

Table XXVIII Capital Asset Statistics by Function

City of Gulf Breeze, Florida
Components of Net Position
Last Ten Fiscal Years
Unaudited
Table I

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Investment in Capital Assets: | | | | | | | | | | |
| Governmental activities | \$ 14,241,450 | \$ 8,760,611 | \$ 7,475,882 | \$ 7,475,882 | \$ 7,640,557 | \$ 7,085,403 | \$ 8,178,037 | \$ 9,722,091 | \$ 10,625,849 | \$ 11,302,841 |
| Business-type activities | 12,317,227 | 12,351,474 | 15,396,467 | 15,396,467 | 14,337,571 | 12,931,062 | 11,653,347 | 15,705,656 | 18,625,464 | 17,147,289 |
| Total primary government | \$ 26,558,677 | \$ 21,112,085 | \$ 22,872,349 | \$ 22,872,349 | \$ 21,978,128 | \$ 20,016,465 | \$ 19,831,384 | \$ 25,427,747 | \$ 29,251,313 | \$ 28,450,130 |
| Restricted Net Position: | | | | | | | | | | |
| Governmental activities | \$ 3,688,554 | \$ 14,138,486 | \$ 2,577,468 | \$ 2,917,856 | \$ 2,658,510 | \$ 1,947,912 | \$ 968,784 | \$ 753,569 | \$ 485,597 | \$ 711,122 |
| Business-type activities | 2,705,096 | 1,527,270 | 28,280 | 31,044 | 108,597 | 108,597 | 183,115 | 1,814,513 | 5,456,129 | 5,298,985 |
| Total primary government | \$ 6,393,650 | \$ 15,665,756 | \$ 2,605,748 | \$ 2,948,900 | \$ 2,767,107 | \$ 2,056,509 | \$ 1,151,899 | \$ 2,568,082 | \$ 5,941,726 | \$ 6,010,107 |
| Unrestricted Net Position: | | | | | | | | | | |
| Governmental activities | \$ 11,179,151 | \$ (444,496) | \$ 7,030,597 | \$ 10,101,099 | \$ 10,624,458 | \$ 13,319,979 | \$ 14,033,970 | \$ 7,672,816 | \$ 7,694,974 | \$ 6,914,109 |
| Business-type activities | 28,855,741 | 26,496,306 | 21,497,983 | 18,563,385 | 15,226,143 | 15,488,277 | 14,406,046 | 5,550,686 | 1,235,949 | 5,265,964 |
| Total primary government | \$ 40,034,892 | \$ 26,051,810 | \$ 28,528,580 | \$ 28,664,484 | \$ 25,850,601 | \$ 28,808,256 | \$ 28,440,016 | \$ 13,223,502 | \$ 8,930,923 | \$ 12,180,073 |
| Total Net Position: | | | | | | | | | | |
| Governmental activities | \$ 29,109,155 | \$ 22,454,601 | \$ 17,083,947 | \$ 20,494,837 | \$ 20,923,525 | \$ 22,353,294 | \$ 23,180,791 | \$ 18,148,476 | \$ 18,806,420 | \$ 18,928,072 |
| Business-type activities | 43,878,064 | 40,375,050 | 36,922,730 | 33,990,896 | 29,672,311 | 28,527,936 | 26,242,508 | 23,070,855 | 25,317,542 | 27,712,238 |
| Total primary government | \$ 72,987,219 | \$ 62,829,651 | \$ 54,006,677 | \$ 54,485,733 | \$ 50,595,836 | \$ 50,881,230 | \$ 49,423,299 | \$ 41,219,331 | \$ 44,123,962 | \$ 46,640,310 |

SOURCE: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Changes in Net Position
Last Ten Fiscal Years
Unaudited
Table II

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses: | | | | | | | | | | |
| Governmental activities - | | | | | | | | | | |
| General government | \$ 2,616,245 | \$ 3,587,040 | \$ 2,966,666 | \$ 2,277,727 | \$ 2,861,010 | \$ 2,307,012 | \$ 2,355,653 | \$ 2,140,000 | \$ 2,159,875 | \$ 1,939,342 |
| Public safety | 3,534,932 | 3,744,458 | 3,647,928 | 3,614,370 | 3,256,172 | 3,116,311 | 3,672,304 | 3,708,802 | 3,389,678 | 3,259,673 |
| Transportation | 1,000,735 | 487,809 | 1,083,492 | 1,143,987 | 977,564 | 1,083,623 | 518,675 | 830,933 | 645,097 | 1,040,137 |
| Economic environment | 447,872 | 498,279 | 413,228 | 336,300 | 293,423 | 659,419 | 550,405 | 539,671 | 480,967 | 458,622 |
| Culture and recreation | 2,563,560 | 2,773,276 | 2,262,678 | 2,567,123 | 2,403,308 | 2,547,734 | 2,256,254 | 2,204,301 | 2,120,714 | 1,853,545 |
| Interest | 709,064 | 494,550 | 323,191 | 334,785 | 342,652 | 343,507 | 357,915 | 369,894 | 395,462 | 305,046 |
| Total governmental activities | 10,872,408 | 11,585,412 | 10,697,183 | 10,274,292 | 10,134,129 | 10,057,606 | 9,711,206 | 9,793,601 | 9,191,793 | 8,856,365 |
| Business-type activities - | | | | | | | | | | |
| Water and sewer | 10,305,223 | 2,476,116 | 2,513,018 | 2,295,977 | 2,238,392 | 2,167,688 | 2,172,973 | 2,019,512 | 1,956,060 | 1,626,874 |
| Natural gas | 3,387,309 | 2,809,930 | 2,513,805 | 2,444,999 | 2,472,995 | 2,288,516 | 2,220,768 | 2,495,520 | 2,460,185 | 1,897,522 |
| South Santa Rosa Utility | *** | 8,934,518 | 9,791,800 | 8,411,601 | 8,296,183 | 7,404,006 | 6,081,605 | 9,034,748 | 9,020,191 | 7,298,787 |
| Solid waste control | 939,776 | 877,883 | 880,359 | 693,248 | 648,776 | 587,226 | 577,155 | 564,709 | 547,242 | 702,888 |
| Stormwater management | - | - | 570,162 | 511,330 | 527,044 | 491,625 | 511,473 | 431,285 | 566,526 | 258,411 |
| Gulf Breeze Financial Services | 61,685 | 180,558 | 240,887 | 247,735 | 1,218,479 | 423,343 | 359,021 | 204,582 | 235,163 | 245,537 |
| Innerarity Point | 16,545 | 26,041 | 8,585 | 16,499 | 13,716 | 23,708 | 15,003 | 16,663 | - | - |
| Total business-type activities | 14,710,538 | 15,305,046 | 16,518,616 | 14,621,389 | 15,415,585 | 13,386,112 | 11,937,998 | 14,767,019 | 14,785,367 | 12,030,019 |
| Total primary government | \$ 25,582,946 | \$ 26,890,458 | \$ 27,215,799 | \$ 24,895,681 | \$ 25,549,714 | \$ 23,443,718 | \$ 21,649,204 | \$ 24,560,620 | \$ 23,977,160 | \$ 20,886,384 |

SOURCE: City of Gulf Breeze Finance Department

*** - SSRS Water and Sewer figures are combined with the Water and Sewer figures which are reported above.

City of Gulf Breeze, Florida
Changes in Net Position
Last Ten Fiscal Years
Unaudited
Table II

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Program Revenues: | | | | | | | | | | |
| Governmental activities - | | | | | | | | | | |
| Charges for service - | | | | | | | | | | |
| General government | \$ 659,114 | \$ 1,070,061 | \$ 499,823 | \$ 536,651 | \$ 430,302 | \$ 419,408 | \$ 246,268 | \$ 87,414 | \$ 64,546 | \$ 94,215 |
| Public safety | 641,240 | 496,025 | 490,999 | 541,391 | 611,389 | 626,234 | 1,113,580 | 1,012,910 | 845,318 | 901,465 |
| Culture and recreation | 350,390 | 245,115 | 120,634 | 313,130 | 378,847 | 354,538 | 355,232 | 327,605 | 385,295 | 242,762 |
| Operating grants and contributions | 3,637,268 | 5,154,367 | 1,649,954 | 1,902,586 | 266,785 | 404,699 | 595,981 | 1,377,663 | 1,984,125 | 3,154,938 |
| Capital grants and contributions | - | - | - | - | 314,312 | - | - | - | - | - |
| Total governmental activities | 5,288,012 | 6,965,568 | 2,761,410 | 3,293,758 | 2,001,635 | 1,804,879 | 2,311,061 | 2,805,592 | 3,279,284 | 4,393,380 |
| Business-type activities - | | | | | | | | | | |
| Charges for service - | | | | | | | | | | |
| Water and sewer | 11,512,124 | 3,366,742 | 3,026,720 | 2,982,007 | 2,821,886 | 2,798,812 | 2,761,808 | 2,339,659 | 2,015,843 | 1,816,720 |
| Natural gas | 3,638,665 | 3,263,937 | 2,949,615 | 3,048,149 | 3,030,245 | 2,773,322 | 2,681,257 | 2,594,132 | 2,515,805 | 1,888,721 |
| South Santa Rosa Utility | *** | 7,074,219 | 6,812,683 | 6,425,386 | 6,469,886 | 6,318,892 | 6,119,406 | 5,396,766 | 5,205,377 | 4,686,102 |
| Tiger Point Golf Course | - | 633,586 | 1,554,015 | 1,435,469 | 1,397,998 | 676,274 | 206,562 | 1,586,638 | 1,805,228 | 1,312,696 |
| Solid waste control | 878,660 | 897,248 | 839,642 | 841,055 | 761,776 | 675,885 | 645,519 | 593,891 | 571,504 | 725,172 |
| Stormwater management | - | - | 458,084 | 440,406 | 238,246 | 237,125 | 236,275 | 234,086 | 205,282 | 190,324 |
| Gulf Breeze Financial Services | 32,645 | 49,550 | 50,588 | 51,583 | 169,367 | 176,209 | 695,289 | 577,096 | 635,849 | 875,171 |
| Innerarity Point | - | 37,072 | 37,617 | 58,508 | 24,666 | 80,986 | 60,402 | 44,882 | - | - |
| Operating grants and contributions | - | - | - | - | - | 1,183 | 22,110 | 15,503 | - | - |
| Capital grants and contributions | 983,191 | 2,778,927 | 3,569,878 | 2,325,462 | 2,136,120 | 3,494,650 | 1,457,975 | 501,998 | 507,249 | 373,323 |
| Total business-type activities | 17,045,285 | 18,101,281 | 19,298,842 | 17,608,025 | 17,050,190 | 17,233,338 | 14,886,603 | 13,884,651 | 13,462,137 | 11,868,229 |
| Total primary government | \$ 22,333,297 | \$ 25,066,849 | \$ 22,060,252 | \$ 20,901,783 | \$ 19,051,825 | \$ 19,038,217 | \$ 17,197,664 | \$ 16,690,243 | \$ 16,741,421 | \$ 16,261,609 |

SOURCE: City of Gulf Breeze Finance Department

*** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures which are reported above.

City of Gulf Breeze, Florida
Changes in Net Position
Last Ten Fiscal Years
Unaudited
Table II

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Program (Expense)/Revenue: | | | | | | | | | | |
| Governmental activities | (5,584,396) | (4,619,844) | (7,935,773) | (6,980,534) | (8,132,494) | (8,252,727) | (7,400,145) | (6,988,009) | (5,912,509) | (4,462,985) |
| Business-type activities | 2,334,747 | 2,796,235 | 2,780,226 | 2,986,636 | 1,634,605 | 3,847,226 | 2,948,605 | (882,368) | (1,323,230) | (161,790) |
| Total primary government | (3,249,649) | (1,823,609) | (5,155,547) | (3,993,898) | (6,497,889) | (4,405,501) | (4,451,540) | (7,870,377) | (7,235,739) | (4,624,775) |
| General Revenues and Other Changes | | | | | | | | | | |
| In Net Position | | | | | | | | | | |
| Governmental activities - | | | | | | | | | | |
| Property taxes | \$ 2,804,842 | \$ 2,643,304 | \$ 2,531,028 | \$ 2,255,487 | \$ 2,157,048 | \$ 2,114,746 | \$ 1,972,239 | \$ 1,950,694 | \$ 1,817,161 | \$ 1,739,120 |
| Tourist development taxes | 735,831 | 733,718 | 260,273 | 359,800 | 209,300 | 211,692 | 183,857 | 149,108 | 113,541 | 64,755 |
| Fuel taxes | 241,862 | 247,259 | 225,447 | 241,532 | 233,944 | 226,447 | 281,937 | 255,638 | 230,880 | 231,438 |
| Franchise taxes | 785,376 | 691,831 | 427,835 | 399,509 | 344,871 | 327,060 | 366,834 | 349,322 | 327,992 | 288,767 |
| Communication service taxes | 423,004 | 376,875 | 325,497 | 262,779 | 259,313 | 256,618 | 267,399 | 298,398 | 278,448 | 361,484 |
| Utilities service taxes | 1,203,798 | 1,028,926 | 779,813 | 768,612 | 790,916 | 776,473 | 660,134 | 472,984 | 450,533 | 357,489 |
| Sales taxes | 878,606 | 789,948 | - | - | - | - | - | - | - | - |
| Intergovernmental | 377,995 | 322,449 | 991,793 | 939,971 | 924,404 | 785,669 | 543,531 | 570,938 | 520,130 | 499,149 |
| Gain (Loss) on sale of capital assets | | | | | | | | | | |
| * | 5,260 | 25,887 | (25,690) | 5,883 | 103,468 | 20,830 | 5,883,665 | - | - | - |
| Miscellaneous | 169,636 | 132,021 | 93,943 | 148,044 | 762,524 | 784,763 | 829,237 | 455,119 | 640,712 | 796,089 |
| Investment earnings/(loss) | (340,012) | 21,046 | 111,654 | 172,634 | 44,410 | 56,261 | 5,879 | 6,240 | 11,844 | 13,904 |
| Settlement revenue | 3,818,907 | 21,046 | 111,654 | 172,634 | 44,410 | 56,261 | 5,879 | 6,240 | 11,844 | 13,904 |
| Total revenues | 11,105,105 | 7,034,310 | 5,833,247 | 5,726,885 | 5,874,608 | 5,616,820 | 11,000,591 | 4,514,681 | 4,403,085 | 4,366,099 |
| Transfers | 1,133,845 | 739,791 | (1,229,429) | 997,595 | 872,527 | 1,864,671 | 1,437,748 | 1,481,217 | 1,399,616 | 1,217,588 |
| Total governmental activities | 12,238,950 | 7,774,101 | 4,603,818 | 6,724,480 | 6,747,135 | 7,481,491 | 12,438,339 | 5,995,898 | 5,802,701 | 5,583,687 |

SOURCE: City of Gulf Breeze Finance Department

* - 2016 amount represents gain on the sale and easement to Florida Department of Transportation.

City of Gulf Breeze, Florida
Changes in Net Position
Last Ten Fiscal Years
Unaudited
Table II

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| Business-type activities - | | | | | | | | | | |
| Gain on sale of capital assets | 2,971,987 | 1,388,596 | 6,419 | 1,479,082 | - | - | - | - | - | - |
| Other operating revenues | 250,798 | 237,721 | 186,315 | 191,372 | 210,501 | 147,128 | 343,899 | 270,568 | 123,641 | 329,682 |
| Investment earnings/(loss) | (665,664) | 421,830 | 347,336 | 659,090 | 171,796 | 155,745 | 266,066 | 174,969 | 204,509 | 18,721 |
| Total revenues | 2,557,121 | 2,048,147 | 540,070 | 2,329,544 | 382,297 | 302,873 | 609,965 | 445,537 | 328,150 | 348,403 |
| Transfers | (1,133,845) | (739,791) | 1,229,429 | (997,595) | (872,527) | (1,864,671) | (1,437,748) | (1,481,217) | (1,399,616) | (1,217,588) |
| Total business-type activities | 1,423,276 | 1,308,356 | 1,769,499 | 1,331,949 | (490,230) | (1,561,798) | (827,783) | (1,035,680) | (1,071,466) | (869,185) |
| Total primary government | \$ 13,662,226 | \$ 9,082,457 | \$ 6,373,317 | \$ 8,056,429 | \$ 6,256,905 | \$ 5,919,693 | \$ 11,610,556 | \$ 4,960,218 | \$ 4,731,235 | \$ 4,714,502 |
| Change in Net Position: | | | | | | | | | | |
| Government activities | 6,654,554 | 3,154,257 | (3,331,955) | (256,054) | (1,385,359) | (771,236) | 5,038,194 | (992,111) | (109,808) | 1,120,702 |
| Business-type activities | 3,758,023 | 4,104,591 | 4,549,725 | 4,318,585 | 1,144,375 | 2,285,428 | 2,120,822 | (1,918,048) | (2,394,696) | (1,030,975) |
| Total primary government | 10,412,577 | 7,258,848 | 1,217,770 | 4,062,531 | (240,984) | 1,514,192 | 7,159,016 | (2,910,159) | (2,504,504) | 89,727 |

SOURCE: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Charges for Services by Function and Program
Last Ten Fiscal Years
Unaudited
Table III

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental activities | | | | | | | | | | |
| Governmental activities - | | | | | | | | | | |
| General government | \$ 659,114 | \$ 1,070,061 | \$ 499,823 | \$ 536,651 | \$ 430,302 | \$ 419,408 | \$ 246,268 | \$ 87,414 | \$ 64,546 | \$ 94,215 |
| Public safety | 641,240 | 496,025 | 490,999 | 541,391 | 611,389 | 626,234 | 1,113,580 | 1,012,910 | 845,318 | 901,465 |
| Culture and recreation | 350,390 | 245,115 | 120,634 | 313,130 | 378,847 | 354,538 | 355,232 | 327,605 | 385,295 | 242,762 |
| Total governmental activities | 1,650,744 | 1,811,201 | 1,111,456 | 1,391,172 | 1,420,538 | 1,400,180 | 1,715,080 | 1,427,929 | 1,295,159 | 1,238,442 |
| Business-type activities - | | | | | | | | | | |
| Water and sewer | 11,512,124 | 3,366,742 | 3,026,720 | 2,982,007 | 2,821,886 | 2,798,812 | 2,761,808 | 2,339,659 | 2,015,843 | 1,816,720 |
| Natural gas | 3,638,665 | 3,263,937 | 2,949,615 | 3,048,149 | 3,030,245 | 2,773,322 | 2,681,257 | 2,594,132 | 2,515,805 | 1,888,721 |
| South Santa Rosa Utility | *** | 7,707,805 | 8,366,698 | 7,860,855 | 7,867,884 | 6,995,166 | 6,325,968 | 6,983,404 | 7,010,605 | 5,998,798 |
| Solid waste control | 878,660 | 897,248 | 839,642 | 841,055 | 761,776 | 675,885 | 645,519 | 593,891 | 571,504 | 725,172 |
| Stormwater management | - | - | 458,084 | 440,406 | 238,246 | 237,125 | 236,275 | 234,086 | 205,282 | 190,324 |
| Gulf Breeze Financial Services | 32,645 | 49,550 | 50,588 | 51,583 | 169,367 | 176,209 | 695,289 | 577,096 | 635,849 | 875,171 |
| Innerarity Point | - | 37,072 | 37,617 | 58,508 | 24,666 | 80,986 | 60,402 | 44,882 | - | - |
| Total business-type activities | 16,062,094 | 15,322,354 | 15,728,964 | 15,282,563 | 14,914,070 | 13,737,505 | 13,406,518 | 13,367,150 | 12,954,888 | 11,494,906 |
| Total primary government | \$ 17,712,838 | \$ 17,133,555 | \$ 16,840,420 | \$ 16,673,735 | \$ 16,334,608 | \$ 15,137,685 | \$ 15,121,598 | \$ 14,795,079 | \$ 14,250,047 | \$ 12,733,348 |

SOURCE: City of Gulf Breeze Finance Department

*** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures which are reported above.

City of Gulf Breeze, Florida
Components of Fund Balance
Last Ten Fiscal Years
Unaudited
Table IV

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
| Non-spendable fund balance: | | | | | | | | | | |
| General fund | \$ 16,470 | \$ 12,814 | \$ 27,558 | \$ 22,258 | \$ 28,070 | \$ 9,863 | \$ 15,532 | \$ 100,977 | \$ 5,349 | \$ 5,488 |
| Aggregate special revenue funds | 9,674 | 6,119 | - | - | - | - | - | - | - | - |
| Total primary government | \$ 26,144 | \$ 18,933 | \$ 27,558 | \$ 22,258 | \$ 28,070 | \$ 9,863 | \$ 15,532 | \$ 100,977 | \$ 5,349 | \$ 5,488 |
| Restricted Fund Balance: | | | | | | | | | | |
| General fund | \$ 1,448,396 | \$ 905,896 | \$ 853,714 | \$ 1,101,042 | \$ 864,098 | \$ 431,962 | \$ 291,112 | \$ 290,144 | \$ 280,523 | \$ - |
| Aggregate special revenue funds | 12,937,658 | 13,232,590 | 1,723,754 | 1,816,814 | 1,794,412 | 1,515,950 | 677,672 | 463,425 | 329,403 | 762,430 |
| Total primary government | \$ 14,386,054 | \$ 14,138,486 | \$ 2,577,468 | \$ 2,917,856 | \$ 2,658,510 | \$ 1,947,912 | \$ 968,784 | \$ 753,569 | \$ 609,926 | \$ 762,430 |
| Committed Fund Balance: | | | | | | | | | | |
| General fund | \$ 288,359 | \$ 288,317 | \$ 288,272 | \$ 279,183 | \$ 416,564 | \$ 599,437 | \$ 657,821 | \$ 657,821 | \$ 657,770 | \$ 562,270 |
| Aggregate special revenue funds | - | - | - | - | - | - | - | - | 475,409 | - |
| Total primary government | \$ 288,359 | \$ 288,317 | \$ 288,272 | \$ 279,183 | \$ 416,564 | \$ 599,437 | \$ 657,821 | \$ 657,821 | \$ 1,133,179 | \$ 562,270 |
| Assigned Fund Balance: | | | | | | | | | | |
| General fund | \$ 115,993 | \$ 115,993 | \$ 115,993 | \$ 115,993 | \$ 115,993 | \$ 115,993 | \$ 115,993 | \$ 115,993 | \$ 115,993 | \$ 115,993 |
| Aggregate special revenue funds | 2,011,862 | (1,396) | - | 303,000 | 332,279 | 439,785 | 806,815 | 714,234 | 530,095 | - |
| Total primary government | \$ 2,127,855 | \$ 114,597 | \$ 115,993 | \$ 418,993 | \$ 448,272 | \$ 555,778 | \$ 922,808 | \$ 830,227 | \$ 646,088 | \$ 115,993 |
| Unassigned Fund Balance: | | | | | | | | | | |
| General fund | \$ 8,423,814 | \$ 6,483,421 | \$ 7,139,414 | \$ 9,609,925 | \$ 9,912,601 | \$ 12,260,202 | \$ 12,630,941 | \$ 6,162,112 | \$ 6,650,378 | \$ 6,058,917 |
| Aggregate special revenue funds | - | 3,640,833 | - | - | - | - | - | - | - | - |
| Total primary government | \$ 8,423,814 | \$ 10,124,254 | \$ 7,139,414 | \$ 9,609,925 | \$ 9,912,601 | \$ 12,260,202 | \$ 12,630,941 | \$ 6,162,112 | \$ 6,650,378 | \$ 6,058,917 |
| Total Fund Balance: | | | | | | | | | | |
| General fund | \$ 10,293,032 | \$ 7,806,441 | \$ 8,424,951 | \$ 11,128,401 | \$ 11,337,326 | \$ 13,417,457 | \$ 13,711,399 | \$ 7,327,047 | \$ 7,710,013 | \$ 6,742,668 |
| Aggregate special revenue funds | 14,959,194 | 16,878,146 | 1,723,754 | 2,119,814 | 2,126,691 | 1,955,735 | 1,484,487 | 1,177,659 | 1,334,907 | 762,430 |
| Total primary government | \$ 25,252,226 | \$ 24,684,587 | \$ 10,148,705 | \$ 13,248,215 | \$ 13,464,017 | \$ 15,373,192 | \$ 15,195,886 | \$ 8,504,706 | \$ 9,044,920 | \$ 7,505,098 |

SOURCE: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years
Unaudited
Table V

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 7,073,319 | \$ 5,721,913 | \$ 4,549,893 | \$ 4,287,719 | \$ 3,995,392 | \$ 3,913,036 | \$ 3,732,400 | \$ 3,476,144 | \$ 2,890,563 | \$ 2,754,286 |
| Licenses and permits | 97,768 | 82,450 | 83,635 | 85,186 | 91,382 | 108,451 | 92,871 | 87,414 | 392,538 | 382,850 |
| Intergovernmental | 2,215,263 | 3,566,764 | 1,641,747 | 1,342,557 | 1,191,189 | 1,190,368 | 1,139,512 | 1,948,601 | 2,434,281 | 3,624,993 |
| Charges for services | 911,736 | 1,232,726 | 536,822 | 764,595 | 717,767 | 665,495 | 508,629 | 327,605 | 311,099 | 232,418 |
| Fines and forfeitures | 641,240 | 496,025 | 490,999 | 541,391 | 611,389 | 626,234 | 1,113,580 | 1,012,910 | 826,754 | 879,725 |
| Contribution from component unit | 1,800,000 | 2,700,000 | 1,000,000 | 1,500,000 | 620,000 | 620,000 | 620,000 | 325,000 | 364,500 | 325,000 |
| Investment earnings/(loss) | (340,012) | 21,046 | - | - | - | - | - | - | - | - |
| Miscellaneous | 169,636 | 132,021 | 205,597 | 320,678 | 186,934 | 221,024 | 215,116 | 136,359 | 450,790 | 546,303 |
| Settlement proceeds | 3,818,907 | - | - | - | - | - | - | - | - | - |
| Total revenues | 16,387,857 | 13,952,945 | 8,508,693 | 8,842,126 | 7,414,053 | 7,344,608 | 7,422,108 | 7,314,033 | 7,670,525 | 8,745,575 |
| Expenditures: | | | | | | | | | | |
| General government | 2,317,124 | 3,350,398 | 2,506,835 | 2,119,306 | 2,372,030 | 2,281,623 | 2,164,224 | 1,979,557 | 2,031,432 | 1,818,220 |
| Public safety | 3,538,274 | 3,406,097 | 3,281,513 | 3,264,003 | 2,971,396 | 2,888,784 | 3,412,143 | 3,423,304 | 3,072,298 | 2,969,546 |
| Transportation | 1,116,993 | 482,809 | 725,808 | 677,323 | 476,733 | 957,608 | 249,971 | 519,423 | 328,318 | 713,559 |
| Economic environment | 317,191 | 322,636 | 331,930 | 307,769 | 273,158 | 235,928 | 229,567 | 198,758 | 136,168 | 116,579 |
| Culture and recreation | 2,012,226 | 2,063,753 | 1,576,042 | 1,850,474 | 1,681,318 | 1,797,584 | 1,481,765 | 1,424,236 | 1,382,952 | 1,119,344 |
| Capital outlay | 6,185,763 | 2,128,093 | 1,407,680 | 1,265,846 | 1,983,477 | 334,453 | 378,651 | 752,873 | 948,833 | 3,280,636 |
| Debt service - | | | | | | | | | | |
| Principal | 834,775 | 371,052 | 237,600 | 224,400 | 215,600 | 206,800 | 202,400 | 193,600 | 184,800 | 175,650 |
| Interest | 636,977 | 485,417 | 324,966 | 334,785 | 344,081 | 350,023 | 356,325 | 368,304 | 396,336 | 305,046 |
| Total expenditures | 16,959,323 | 12,610,255 | 10,392,374 | 10,043,906 | 10,317,793 | 9,052,803 | 8,475,046 | 8,860,055 | 8,481,137 | 10,498,580 |
| Excess (deficiency) of revenue over (under) expenditures | (571,466) | 1,342,690 | (1,883,681) | (1,201,780) | (2,903,740) | (1,708,195) | (1,052,938) | (1,546,022) | (810,612) | (1,753,005) |

SOURCE: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years
Unaudited
Table V

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------------|---------------|----------------|--------------|----------------|-------------|--------------|-------------|------------|--------------|
| Other Financing Sources (Uses): | | | | | | | | | | |
| Sale of property | 5,260 | 25,887 | 13,600 | 5,883 | 103,468 | 20,830 | 6,306,370 | - | - | - |
| Transfers in | 3,321,440 | 3,315,580 | 1,585,197 | 2,055,899 | 2,261,907 | 3,366,912 | 2,207,628 | 1,957,284 | 1,850,176 | 2,115,010 |
| Transfers out | (2,187,595) | (2,575,789) | (2,814,626) | (1,058,304) | (1,389,380) | (1,502,241) | (769,880) | (476,067) | (450,560) | (897,422) |
| Proceeds from long-term debt | - | 12,000,000 | - | - | - | - | - | - | - | - |
| Contributions | - | - | - | - | 314,312 | - | - | - | - | - |
| Settlement | - | - | - | (17,500) | (295,742) | - | - | - | - | - |
| Total other financing sources (uses) | 1,139,105 | 12,765,678 | (1,215,829) | 985,978 | 994,565 | 1,885,501 | 7,744,118 | 1,481,217 | 1,399,616 | 1,217,588 |
| Total primary government expenses | \$ 567,639 | \$ 14,108,368 | \$ (3,099,510) | \$ (215,802) | \$ (1,909,175) | \$ 177,306 | \$ 6,691,180 | \$ (64,805) | \$ 589,004 | \$ (535,417) |
| Debt service as a percentage of noncapital expenditures | 13.661% | 8.171% | 6.261% | 6.370% | 6.715% | 6.387% | 6.901% | 6.931% | 7.715% | 6.660% |

SOURCE: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited
Table VI

| Year | Total Tax Levy (1) | Amount of Current Taxes Collected | Percent of Current Taxes Collected | Amount of Delinquent Taxes Collected | Total Collected for the Year | Ratio of Total Taxes Collected to Current Levy | Delinquent Taxes | Ratio of Delinquent Taxes to Current Levy |
|------|---|---|--|---|---------------------------------|---|---------------------|--|
| 2022 | This levy will be collected during Fiscal Year 2023 | | | | | | | |
| 2021 | 1,894,587 | 1,840,232 | 97.1% | 697 | 1,840,929 | 97.2% | 28,171 | 1.5% |
| 2020 | 1,814,334 | 1,739,783 | 95.9% | 2,571 | 1,742,354 | 96.0% | 25,817 | 1.4% |
| 2019 | 1,713,415 | 1,670,583 | 97.5% | 3 | 1,670,586 | 97.5% | 42,832 | 2.5% |
| 2018 | 1,598,271 | 1,594,917 | 99.8% | 153 | 1,595,070 | 99.8% | 3,354 | 0.2% |
| 2017 | 1,518,203 | 1,516,918 | 99.9% | 130 | 1,517,048 | 99.9% | 1,285 | 0.1% |
| 2016 | 1,444,728 | 1,441,960 | 99.8% | 3,748 | 1,445,708 | 100.1% | 2,768 | 0.2% |
| 2015 | 1,394,497 | 1,393,472 | 99.9% | 26 | 1,393,498 | 99.9% | 1,025 | 0.1% |
| 2014 | 1,350,376 | 1,305,276 | 96.7% | 5,874 | 1,311,150 | 97.1% | 45,100 | 3.3% |
| 2013 | 1,282,755 | 1,243,086 | 96.9% | 4,059 | 1,247,145 | 97.2% | 39,669 | 3.1% |

SOURCE: Santa Rosa County Tax Collector Office

(1) Includes discounts taken for early payment (maximum of 4%)

City of Gulf Breeze, Florida
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years
Unaudited
Table VII

| Year (2) | Real Property | Personal Property | Total Assessed Value | Exemptions | Assessed Value of Operations | Total Direct Tax Rate |
|----------|---------------|-------------------|----------------------|-------------|---------------------------------|-----------------------|
| 2022 | 1,358,821,510 | 44,764,797 | 1,403,586,307 | 325,322,708 | 1,078,263,599 | 1.9723 |
| 2021 | 1,506,962,498 | 35,498,520 | 1,279,816,190 | 319,218,499 | 960,597,691 | 1.9723 |
| 2020 | 1,445,745,451 | 39,847,176 | 1,233,041,387 | 313,133,476 | 919,907,911 | 1.9723 |
| 2019 | 1,344,736,243 | 40,976,333 | 1,180,243,171 | 311,503,441 | 868,739,730 | 1.9723 |
| 2018 | 1,210,105,835 | 38,694,102 | 1,112,552,121 | 303,336,303 | 809,215,818 | 1.9723 |
| 2017 | 1,139,386,798 | 38,912,786 | 1,065,804,563 | 297,203,059 | 768,601,504 | 1.9723 |
| 2016 | 990,275,803 | 37,447,989 | 1,027,723,792 | 296,547,192 | 731,176,600 | 1.9723 |
| 2015 | 964,310,659 | 38,849,877 | 1,003,160,536 | 297,339,426 | 705,821,110 | 1.9723 |
| 2014 | 944,207,937 | 36,927,142 | 981,135,079 | 296,777,679 | 684,357,400 | 1.9723 |
| 2013 | 903,420,794 | 33,761,170 | 937,181,667 | 287,072,951 | 650,108,716 | 1.9000 |

SOURCE: Santa Rosa County Property Appraiser

(1) Florida state law requires all property to be assessed at current fair market value

(2) As of January 1 of each year listed

City of Gulf Breeze, Florida
Property Tax Rates per \$1,000 of Taxable Value –
All Direct and Overlapping Governments
Last Ten Fiscal Years
Unaudited
Table VIII

| Fiscal Year | City Direct Rate | | Overlapping Rates | | | Total Overlapping and Direct |
|-------------|----------------------|----------------------|---------------------------------|-------------------------|----------------------|------------------------------------|
| | Operating Millage | Santa Rosa County | Santa Rosa County Schools | NWF Water Management | Total Overlapping | |
| 2022 | 1.9723 | 6.0953 | 5.5600 | 0.0261 | 11.6814 | 13.6537 |
| 2021 | 1.9723 | 6.0953 | 5.9040 | 0.0294 | 12.0287 | 14.001 |
| 2020 | 1.9723 | 6.0953 | 6.0500 | 0.0311 | 12.1764 | 14.1487 |
| 2019 | 1.9723 | 6.0953 | 6.0910 | 0.0327 | 12.219 | 14.1913 |
| 2018 | 1.9723 | 6.0953 | 6.2990 | 0.0338 | 12.4281 | 14.4004 |
| 2017 | 1.9723 | 6.0953 | 6.8400 | 0.0353 | 12.9706 | 14.9429 |
| 2016 | 1.9723 | 6.0953 | 6.8400 | 0.0366 | 12.9719 | 14.9442 |
| 2015 | 1.9723 | 6.0953 | 7.2020 | 0.0378 | 13.3351 | 15.3074 |
| 2014 | 1.9723 | 6.0953 | 7.4430 | 0.0390 | 13.5773 | 15.5496 |
| 2013 | 1.9000 | 6.0953 | 7.6680 | 0.0400 | 13.8033 | 15.7033 |

SOURCE: Santa Rosa County Property Appraiser

City of Gulf Breeze, Florida
Principal Taxpayers - 2022 and Nine Years Ago
Last Ten Fiscal Years
Unaudited
Table IX

| | 2022 | | 2013 | |
|--------------------------------------|---------------------------|---------------------------------------|------------------------|---------------------------------------|
| Taxpayer | Taxable Assessed Value | Percentage of Total Assessed Value | Taxable Assessed Value | Percentage of Total Assessed Value |
| Andrews Institute Medical Park & ASC | \$ 19,962,443 | 1.85% | 20,193,921 | 3.11% |
| Real Sub, LLC | 16,056,190 | 1.49% | | |
| GB Senior Living | 15,177,611 | 1.41% | | |
| Florida Power and Light | 12,580,388 | 1.17% | 7,904,283 | 1.22% |
| GB Hotel III, LLC | 9,508,523 | 0.88% | | |
| Mullet Willis J as Trustee | 8,594,628 | 0.80% | 7,354,282 | 1.13% |
| Gulf Coast Hotel Holdings, LLC | 6,974,987 | 0.65% | | |
| Jerome Gulf Breeze LLC | 6,929,637 | 0.64% | | |
| Exposition Properties, LLC | 6,137,915 | 0.57% | 4,526,015 | 0.70% |
| Belleau George A & Ann F | 6,137,915 | 0.57% | 4,259,402 | 0.66% |
| Quietwater LLC | 5,993,975 | 0.56% | 5,148,495 | 0.79% |
| Sea Shell Collections, LLC | | | 14,367,865 | 2.21% |
| East End Company LLC & Gulf | | | 6,585,755 | 1.01% |
| Timothy D. Falzone | | | 4,957,763 | 0.76% |
| Total taxable value | \$ 114,054,212 | 10.59% | \$ 75,297,781 | 11.59% |

SOURCE: Santa Rosa County Property Appraiser

City of Gulf Breeze, Florida
Special Assessment Billings and Collections
Last Ten Fiscal Years
Unaudited
Table X

| Year | Assessment | Assessments Collected | Ratio of Collections to Amount Assessed | Total Outstanding Current and Delinquent Assessments |
|------|------------|-----------------------|---|--|
| 2022 | \$ - | \$ - | - | \$ - |
| 2021 | \$ - | \$ - | - | \$ - |
| 2020 | \$ - | \$ - | - | \$ - |
| 2019 | \$ - | \$ - | - | \$ - |
| 2018 | \$ - | 15,627 | - | \$ - |
| 2017 | \$ - | 14,468 | - | \$ 15,627 |
| 2016 | \$ - | 13,396 | - | \$ 30,095 |
| 2015 | \$ - | 12,404 | - | \$ 43,491 |
| 2014 | \$ - | 11,485 | - | \$ 55,895 |
| 2013 | \$ - | 10,635 | - | \$ 67,380 |

SOURCE: City of Gulf Breeze Finance Department

Septic abatement assessment provided up to 10 years for payment

City of Gulf Breeze, Florida
Outstanding Debt
Last Ten Fiscal Years
Unaudited
Table XI

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue Bonds and Note Payable: | | | | | | | | | | |
| Governmental activities | \$ 21,093,790 | \$ 21,926,975 | \$ 6,683,243 | \$ 6,919,253 | \$ 7,140,473 | \$ 7,354,483 | \$ 7,559,693 | \$ 7,760,503 | \$ 7,952,513 | \$ 8,135,723 |
| Business-type activities | 6,980,525 | 7,414,510 | 11,767,840 | 11,764,012 | 13,023,595 | 14,232,918 | 15,438,447 | 8,785,821 | 9,687,627 | 5,471,974 |
| Total primary government | \$ 28,074,315 | \$ 29,341,485 | \$ 18,451,083 | \$ 18,683,265 | \$ 20,164,068 | \$ 21,587,401 | \$ 22,998,140 | \$ 16,546,324 | \$ 17,640,140 | \$ 13,607,697 |
| Notes Payable: | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Business-type activities | 1,971,826 | 2,170,297 | 2,340,597 | 722,472 | 767,148 | 810,492 | 852,543 | 893,340 | 932,922 | 4,759,964 |
| Total primary government | \$ 1,971,826 | \$ 2,170,297 | \$ 2,340,597 | \$ 722,472 | \$ 767,148 | \$ 810,492 | \$ 852,543 | \$ 893,340 | \$ 932,922 | \$ 4,759,964 |
| Line of Credit: | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Business-type activities | - | - | - | - | - | - | - | 3,000,000 | 3,000,000 | 3,000,000 |
| Total primary government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,000,000 | \$ 3,000,000 | \$ 3,000,000 |
| Capital Leases Payable: | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Business-type activities | 1,634,767 | 2,077,488 | 2,476,773 | 2,841,594 | 3,215,303 | 3,598,056 | 3,941,854 | 4,292,398 | 4,663,665 | 262,557 |
| Total primary government | \$ 1,634,767 | \$ 2,077,488 | \$ 2,476,773 | \$ 2,841,594 | \$ 3,215,303 | \$ 3,598,056 | \$ 3,941,854 | \$ 4,292,398 | \$ 4,663,665 | \$ 262,557 |
| Total Fund Balance: | | | | | | | | | | |
| Governmental activities | \$ 21,093,790 | \$ 21,926,975 | \$ 6,683,243 | \$ 6,919,253 | \$ 7,140,473 | \$ 7,354,483 | \$ 7,559,693 | \$ 7,760,503 | \$ 7,952,513 | \$ 8,135,723 |
| Business-type activities | 10,587,118 | 11,662,295 | 16,585,210 | 15,328,078 | 17,006,046 | 18,641,466 | 20,232,844 | 16,971,559 | 18,284,214 | 13,494,495 |
| Total primary government | \$ 31,680,908 | \$ 33,589,270 | \$ 23,268,453 | \$ 22,247,331 | \$ 24,146,519 | \$ 25,995,949 | \$ 27,792,537 | \$ 24,732,062 | \$ 26,236,727 | \$ 21,630,218 |

SOURCE: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Ratio of Total Debt to Assessed Value
Last Ten Fiscal Years
Unaudited
Table XII

| Year | | Estimated Population (1) | Assessed Value for Operations (2) | Total Outstanding Debt (3) | Ratio of Total Outstanding Debt to Assessed Value | Amount of Total Outstanding Debt Per Capita | Percentage of Personal Income (4) |
|------|----|-----------------------------|--------------------------------------|-------------------------------|---|---|--------------------------------------|
| 2022 | \$ | 6,900 | 1,079,421,861 | 31,680,908 | 2.93% | 4,591 | 6.55% |
| 2021 | | 6,302 | 960,597,691 | 33,589,270 | 3.50% | 5,330 | 9.34% |
| 2020 | | 5,910 | 919,907,911 | 23,268,453 | 2.53% | 3,937 | 6.95% |
| 2019 | | 5,849 | 868,739,730 | 22,247,331 | 2.56% | 3,804 | 7.16% |
| 2018 | | 5,849 | 809,215,818 | 24,146,519 | 2.98% | 4,128 | 8.11% |
| 2017 | | 5,838 | 768,601,504 | 25,995,949 | 3.38% | 4,453 | 8.69% |
| 2016 | | 5,818 | 731,176,600 | 27,792,537 | 3.80% | 4,777 | 9.52% |
| 2015 | | 5,815 | 705,821,110 | 24,732,062 | 3.50% | 4,253 | 9.45% |
| 2014 | | 5,805 | 684,357,400 | 26,236,727 | 3.83% | 4,520 | 10.77% |
| 2013 | | 5,763 | 650,108,716 | 21,630,218 | 3.33% | 3,753 | 8.63% |

(1) SOURCE: Bureau of Economic and Business Research, University of Florida

(2) From Table VII

(3) From Table XI

(4) Calculated using Total Personal Income from Table XVII

City of Gulf Breeze, Florida
Computation of Legal Debt Margin
Unaudited
Table XIII

The Constitution of the State of Florida, Chapter 200.181, Florida Statutes, and the Charter of the City of Gulf Breeze, Florida set no legal debt margin.

City of Gulf Breeze, Florida
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years
Unaudited
Table XIV

| Year | Estimated Population (1) | Assessed Value for Operations (2) | Gross Bonded Debt | Debt Service Monies Available | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|------|-----------------------------|--------------------------------------|----------------------|----------------------------------|-----------------|--|-------------------------------|
| 2022 | 6,900 | \$ 1,078,263,599 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2021 | 6,302 | \$ 960,597,691 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2020 | 5,910 | \$ 919,907,911 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2019 | 5,849 | \$ 868,739,730 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2018 | 5,849 | \$ 809,215,818 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2017 | 5,838 | \$ 768,601,504 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2016 | 5,818 | \$ 731,176,600 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2015 | 5,815 | \$ 705,821,110 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2014 | 5,763 | \$ 684,357,400 | \$ - | \$ - | \$ - | 0.0% | \$ - |
| 2013 | 5,790 | \$ 650,108,716 | \$ - | \$ - | \$ - | 0.0% | \$ - |

(1) SOURCE: Bureau of Economic and Business Research, University of Florida

(2) From Table VII

City of Gulf Breeze, Florida
Computation of Direct and Overlapping Debt – General Obligations
Unaudited
Table XV

The City of Gulf Breeze, Florida does not have any overlapping debt.

City of Gulf Breeze, Florida
Revenue Bond Coverage – South Santa Rosa Utility Certificates
Last Ten Fiscal Years
Unaudited
Table XVI

| Year | Operating Revenue | Tap Fees | Direct Operating Expenses (1) | Net Revenue Available for Debt Service | Principal (2) | Interest | Total | Coverage |
|------|-------------------|-----------|-------------------------------|--|---------------|----------|---------|----------|
| 2022 | - | - | - | - | - | - | - | - |
| 2021 | 6,790,214 | 2,648,535 | 6,050,234 | 3,388,515 | - | - | - | - |
| 2020 | 6,518,867 | 2,648,535 | 5,839,481 | 3,327,921 | 320,000 | 2,148 | 322,148 | 10.33 |
| 2019 | 6,165,315 | 1,692,691 | 4,457,067 | 3,400,939 | 815,000 | 9,768 | 824,768 | 4.12 |
| 2018 | 6,245,896 | 1,016,851 | 4,434,395 | 2,828,352 | 775,000 | 12,823 | 787,823 | 3.59 |
| 2017 | 6,089,546 | 1,048,478 | 3,903,384 | 3,234,640 | 740,000 | 17,791 | 757,791 | 4.27 |
| 2016 | 5,860,774 | 1,378,577 | 3,600,268 | 3,639,083 | 700,000 | 180,000 | 880,000 | 4.14 |
| 2015 | 5,396,766 | 464,272 | 3,687,756 | 2,173,282 | 660,000 | 200,500 | 860,500 | 2.53 |
| 2014 | 5,205,377 | 490,196 | 3,477,099 | 2,218,474 | 645,000 | 223,075 | 868,075 | 2.56 |
| 2013 | 4,686,102 | 358,338 | 2,869,620 | 2,174,820 | 620,000 | 247,875 | 867,875 | 2.51 |

SOURCE: City of Gulf Breeze Finance Department

(1) Excluding Depreciation

(2) SSRUS Certificates were redeemed in full during Fiscal Year 2021.

City of Gulf Breeze, Florida
Miscellaneous Demographical Statistics
Last Ten Fiscal Years
Unaudited
Table XVII

| Year | Population | | City as a Percentage of County | County Population Growth | Per Capita Income | Unemployment Rate | Median Household Income |
|------|------------------|----------------------|--------------------------------------|--------------------------------|----------------------|----------------------|-------------------------------|
| | Gulf Breeze City | Santa Rosa County | | | | | |
| 2022 | 6,501 | 198,268 | 3.28% | 3.31% | 70,124 | 3.70% | 99,256 |
| 2021 | 6,302 | 191,911 | 3.28% | 4.12% | 57,072 | 3.70% | 92,267 |
| 2020 | 5,910 | 184,313 | 3.21% | 2.37% | 56,662 | 3.80% | 102,970 |
| 2019 | 5,849 | 179,054 | 3.27% | 2.29% | 53,157 | 3.80% | 102,970 |
| 2018 | 5,838 | 174,887 | 3.34% | 2.51% | 50,870 | 2.70% | 100,880 |
| 2017 | 5,818 | 170,835 | 3.41% | 1.14% | 51,222 | 3.50% | 98,308 |
| 2016 | 5,815 | 167,009 | 3.48% | 1.63% | 50,195 | 3.90% | 84,423 |
| 2015 | 5,805 | 162,925 | 3.56% | 2.01% | 44,989 | 2.70% | 85,529 |
| 2014 | 5,763 | 161,096 | 3.58% | 0.32% | 41,965 | 2.65% | 80,433 |
| 2013 | 5,790 | 158,512 | 3.65% | 6.09% | 43,463 | 2.65% | 73,012 |

SOURCE: U.S. Department of Census; Bureau of Economic and Business Research, University of Florida

City of Gulf Breeze, Florida
Schedule of Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years
Unaudited
Table XVIII

| Year | Assessed Value for Operations (1) | Number of Units (2) | Value | Number of Units (2) | Value | Bank Deposits (3) |
|------|--------------------------------------|---------------------|------------|---------------------|---------------|-------------------|
| 2022 | 1,358,821,510 | 11 \$ | 10,551,001 | 2 \$ | 3,956,845 \$ | 878,073,847 |
| 2021 | 960,597,691 | 3 \$ | 1,080,000 | 15 \$ | 11,040,000 \$ | 808,085,250 |
| 2020 | 919,907,911 | 5 \$ | 7,413,000 | 22 \$ | 11,457,673 \$ | 566,059,000 |
| 2019 | 868,739,730 | 5 \$ | 9,600,000 | 16 \$ | 9,152,800 \$ | 525,069,000 |
| 2018 | 809,215,818 | 15 \$ | 1,526,985 | 17 \$ | 15,937,426 \$ | 471,041,000 |
| 2017 | 768,601,504 | 7 \$ | 2,943,448 | 14 \$ | 4,746,469 \$ | 435,762,000 |
| 2016 | 731,176,600 | 1 \$ | 20,000,000 | 22 \$ | 5,721,000 \$ | 446,668,000 |
| 2015 | 705,821,110 | 3 \$ | 1,300,000 | 13 \$ | 5,010,000 \$ | 424,212,000 |
| 2014 | 684,357,400 | - \$ | - | 15 \$ | 7,552,000 \$ | 398,443,000 |
| 2013 | 650,108,716 | 1 \$ | 80,000 | 18 \$ | 10,737,000 \$ | 347,134,000 |

(1) From Table VII

(2) Santa Rosa County Inspection Department

(3) Florida Bankers Association, FDIC Website – Summary Deposits as of June 30 of respective years

City of Gulf Breeze, Florida
Principal Employers (Over 50 Employees Reported)
Unaudited
Table XIX

| Employer (1) | 2022 | |
|--|------------------------|-------|
| | Number of Employees | Rank |
| Hampton Inn | 450 | 9.20% |
| Andrews Research and Education Institute | 421 | 8.61% |
| Gulf Breeze Hospital | 402 | 8.22% |
| Andrews Orthopedics and Sports | 270 | 5.52% |
| Publix | 150 | 3.07% |
| AppRiver | 114 | 2.33% |
| Exos | 99 | 2.02% |
| Gulf Breeze High School | 90 | 1.84% |
| Gulf Breeze Middle School | 68 | 1.39% |
| Gulf Breeze Elementary School | 61 | 1.25% |
| Total number of employees (1) | 4,891 | |

(1) SOURCE: Haas Center for Business Research and Economic Development

City of Gulf Breeze, Florida
Permits
Last Ten Fiscal Years
Unaudited
Table XX

| Year | Residential | | | | Commercial | | | |
|------|---------------------------|---------------------|--------------|---------------|---------------------------|---------------------|--------------|---------------|
| | Additions/ Renovations | New Construction | Pool Permits | Misc/ Permits | Additions/ Renovations | New Construction | Sign Permits | Misc/ Permits |
| 2022 | 24 | 11 | 17 | 192 | 10 | 4 | 12 | 10 |
| 2021 | 24 | 12 | 24 | 429 | 11 | 1 | 8 | 11 |
| 2020 | 8 | 21 | 31 | 360 | 1 | - | 9 | 7 |
| 2019 | 22 | 20 | 15 | 360 | 4 | 3 | 11 | 6 |
| 2018 | 28 | 19 | 19 | 360 | 6 | 1 | 22 | 11 |
| 2017 | 17 | 6 | 17 | 259 | 4 | 2 | 21 | 2 |
| 2016 | 30 | 13 | 10 | 185 | 9 | 3 | 23 | 8 |
| 2015 | 32 | 11 | 12 | 218 | 1 | 2 | 22 | 17 |
| 2014 | 5 | 1 | 1 | 60 | - | - | 3 | 10 |
| 2013 | 23 | 17 | 8 | 67 | 8 | 1 | 17 | 17 |

SOURCE: City of Gulf Breeze Community Services Department

City of Gulf Breeze, Florida
Water Service Rates as of September 30, 2022
Unaudited
Table XXI

| Meter Size | Inside City Limits | | | | Outside City Limits | | | |
|-------------------------------------|--------------------|------------|--------------------------------------|----------|---------------------|------------|--------------------------------------|---------|
| | Residential | Commercial | Rate per 000's Gallons Additional | | Residential | Commercial | Rate per 000's Gallons Additional | |
| 0.75" | \$ 15.03 | \$ 15.03 | \$ 4.20 | \$ 4.20 | \$ 15.03 | \$ 15.03 | \$ 4.20 | \$ 4.20 |
| 1.00" | \$ 26.19 | \$ 26.19 | \$ 4.20 | \$ 4.20 | \$ 26.19 | \$ 26.19 | \$ 4.20 | \$ 4.20 |
| 1.50" | \$ 63.70 | \$ 63.70 | \$ 4.20 | \$ 4.20 | \$ 63.70 | \$ 63.70 | \$ 4.20 | \$ 4.20 |
| 2.00" | \$ 101.84 | \$ 101.84 | \$ 4.20 | \$ 4.20 | \$ 101.84 | \$ 101.84 | \$ 4.20 | \$ 4.20 |
| 3.00" | \$ 202.53 | \$ 202.53 | \$ 4.20 | \$ 4.20 | \$ 202.53 | \$ 202.53 | \$ 4.20 | \$ 4.20 |
| 4.00" | \$ 303.21 | \$ 303.21 | \$ 4.20 | \$ 4.20 | \$ 303.21 | \$ 303.21 | \$ 4.20 | \$ 4.20 |
| 6.00" | \$ 595.50 | \$ 595.50 | \$ 4.20 | \$ 4.20 | \$ 595.50 | \$ 595.50 | \$ 4.20 | \$ 4.20 |
| Tech Fee | \$ 2.00 | \$ 2.00 | | \$ 2.00 | \$ 2.00 | \$ 2.00 | | |
| Reclaim Service | N/A | N/A | | \$ 10.00 | \$ 10.00 | \$ 10.00 | | |
| Surcharge per Chapter 180.191, F.S. | | | | | 10% | 10% | | |

SOURCE: City Water and Sewer Department and South Santa Rosa Utility

City of Gulf Breeze, Florida
Sewer Service Rates as of September 30, 2022
Unaudited
Table XXII

| Meter Size | Inside City Limits | | | | | | Outside City Limits | | | | | |
|------------|--------------------|--------|------------|--------|----------------|------------|---------------------|--------|------------|--------|----------------|------------|
| | Residential | | Commercial | | Rate per 000's | | Residential | | Commercial | | Rate per 000's | |
| | | | | | Gallons | Additional | | | | | Gallons | Additional |
| 0.75" | \$ | 21.31 | \$ | 21.31 | \$ | 5.40 | \$ | 21.31 | \$ | 21.31 | \$ | 5.40 |
| 1.00" | \$ | 36.92 | \$ | 36.92 | \$ | 5.40 | \$ | 36.92 | \$ | 36.92 | \$ | 5.40 |
| 1.50" | \$ | 83.37 | \$ | 83.37 | \$ | 5.40 | \$ | 83.37 | \$ | 83.37 | \$ | 5.40 |
| 2.00" | \$ | 131.22 | \$ | 131.22 | \$ | 5.40 | \$ | 131.22 | \$ | 131.22 | \$ | 5.40 |
| 3.00" | \$ | 256.33 | \$ | 256.33 | \$ | 5.40 | \$ | 256.33 | \$ | 256.33 | \$ | 5.40 |
| 4.00" | \$ | 378.40 | \$ | 378.40 | \$ | 5.40 | \$ | 378.40 | \$ | 378.40 | \$ | 5.40 |
| 6.00" | \$ | 727.30 | \$ | 727.30 | \$ | 5.40 | \$ | 727.30 | \$ | 727.30 | \$ | 5.40 |

SOURCE: City Water and Sewer Department and South Santa Rosa Utility

City of Gulf Breeze, Florida
Solid Waste Service Rates as of September 30, 2022
Unaudited
Table XXIII

| Residential Collection | | | |
|--------------------------|----------|----------|--|
| | Curbside | Sideyard | |
| Regular | \$ 28.38 | \$ 49.96 | |
| Senior Rate | \$ 25.55 | \$ 25.55 | |
| Disable Rate | \$ 25.55 | \$ 25.55 | |
| Extra Kart | \$ 16.83 | \$ 21.78 | |
| Sideyard Waste & Recycle | | \$ 49.96 | |

| Commercial Collection | | | | | | | |
|---------------------------|---------------------------------|-------------|-------------|-------------|-------------|----------------|--------|
| Container Size (Waste) | Collection Frequency (Per Week) | | | | | Per Extra Call | |
| | 1 | 2 | 3 | 4 | 5 | | |
| Kart (96 Gal) | \$ 35.63 | \$ 55.25 | | | | | |
| 2 Cubic Yards | \$ 95.95 | \$ 139.23 | \$ 215.71 | \$ 279.11 | \$ 348.01 | \$ | 30.67 |
| 4 Cubic Yards | \$ 150.53 | \$ 260.38 | \$ 384.31 | \$ 511.05 | \$ 632.14 | \$ | 61.35 |
| 6 Cubic Yards | \$ 212.24 | \$ 379.47 | \$ 551.54 | \$ 726.32 | \$ 905.34 | \$ | 92.03 |
| 8 Cubic Yards | \$ 195.33 | \$ 337.82 | \$ 491.64 | \$ 643.01 | \$ 797.01 | \$ | 122.71 |
| 6 Cubic Yard Compactor * | \$ 424.41 | \$ 807.19 | \$ 1,180.85 | \$ 1,567.54 | \$ 1,831.58 | | N/A |
| 30 Cubic Yard Compactor | \$ 1,279.12 | | | | | | |
| 30 Cubic Yard Roll Off *+ | \$ 1,279.12 | \$ 2,558.24 | \$ 3,837.37 | \$ 5,116.49 | \$ 6,935.61 | \$ | 295.42 |

| Container Size (Recycling) | Collection Frequency (per week) | | |
|----------------------------|---------------------------------|-----------|-----------|
| | 1 | 2 | 3 |
| Kart (96 Gal) | \$ 16.45 | | |
| 2 Cubic Yards * | \$ 52.54 | \$ 94.15 | \$ 156.89 |
| 4 Cubic Yards * | \$ 73.56 | \$ 141.70 | \$ 244.76 |
| 6 Cubic Yards * | \$ 93.75 | \$ 170.52 | \$ 298.15 |
| 8 Cubic Yards * | \$ 125.68 | \$ 206.57 | \$ 383.37 |

* - Billed directly by contractor/franchisee

+ - Plus actual disposal costs

| Transfer Station (Non Class 1 Waste Only) | City Resident | Non-Resident | Commercial |
|---|---------------|--------------|------------|
| Minimum Charge per "Pick Up Truck Load" | \$ 10.00 | \$ 46.00 | \$ 78.00 |

SOURCE: City Water and Sewer Department

City of Gulf Breeze, Florida
Natural Gas Service Rates as of September 30, 2022
Unaudited
Table XXIV

Inside City Limits - Residential and Commercial

Minimum monthly service charge: \$7.00 / \$10.00 if usage is under 3 therms per month

| <u>Monthly Usage (Therms)</u> | <u>Rate per Therm</u> |
|-------------------------------|-----------------------|
| 0 - 3 | \$ 0.9789 |
| 4 - 8 | \$ 0.9344 |
| 9 - 166 | \$ 0.8900 |
| 167 - 4,166 | \$ 0.7564 |
| over 4,167 | \$ 0.9230 |

Outside City Limits - Residential and Commercial

Minimum monthly service charge: \$9.00 / \$10.00 if usage is under 3 therms per month

| <u>Monthly Usage (Therms)</u> | <u>Rate per Therm</u> |
|-------------------------------|-----------------------|
| 0 - 3 | \$ 1.0769 |
| 4 - 8 | \$ 1.0279 |
| 9 - 166 | \$ 0.9789 |
| 167 - 4,166 | \$ 0.8321 |
| over 4,167 | \$ 0.6853 |

Gross Receipts Tax - All residential and commercial accounts: .025% of service and consumption charges

Florida State Sales Tax - Commercial account only: .075% of service and consumption and gross receipts tax

SOURCE: Gulf Breeze Natural Gas Department

City of Gulf Breeze, Florida
Insurance Coverage as of September 30, 2022
Unaudited
Table XXV

| Type | Effective Dates | Company | Amount |
|--------------------------------|-----------------------|-----------------------------------|-----------------|
| Auto (Person) | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 2,000,000 |
| General liability | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 2,000,000 |
| Fire legal liability | | | Included |
| Medical malpractice liability | | | Included |
| Errors and omissions liability | | | Included |
| Law enforcement liability | | | Included |
| Workers compensation | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | Statutory Limit |
| Employers Liability | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 2,000,000 |
| Real Property | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 250,000,000 |
| Personal Property | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | Included |
| Inland Marine | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | Included |
| Named Storm Coverage | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | Included |
| Accounts Receivable | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 250,000 |
| Cyber Liability | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 1,000,000 |
| Terrorism/Sabotage | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 25,000,000 |
| Active Shooter | 10/1/2021 - 10/1/2022 | Public Risk Management of Florida | \$ 1,000,000 |

SOURCE: City of Gulf Breeze Departments

City of Gulf Breeze, Florida
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
Unaudited
Table XXVI

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Full-time employees on City Payroll as of September 30, (1) | | | | | | | | | | |
| General Government | | | | | | | | | | |
| City manager and city clerk | 6 | 6 | 6 | 6 | 4 | 4 | 4 | 5 | 5 | 4 |
| Community services | 5 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 2 |
| Finance and accounting | 4 | 6 | 6 | 5 | 4 | 3 | 3 | 3 | 3 | 5 |
| Parks and recreation center | 14 | 15 | 15 | 15 | 13 | 12 | 13 | 10 | 10 | 8 |
| Special projects | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| Police | | | | | | | | | | |
| Sworn officers | 22 | 22 | 21 | 20 | 19 | 19 | 17 | 18 | 18 | 17 |
| Civilian employees | 8 | 8 | 8 | 8 | 8 | 7 | 8 | 8 | 8 | 8 |
| | 30 | 30 | 29 | 28 | 27 | 26 | 25 | 26 | 26 | 25 |
| Total General Government | 60 | 62 | 61 | 59 | 53 | 49 | 49 | 48 | 47 | 44 |
| Enterprises (2) | | | | | | | | | | |
| Gulf Breeze Financial Services | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| Gas, water and sewer | 24 | 24 | 24 | 24 | 22 | 13 | 13 | 13 | 13 | 13 |
| South Santa Rosa Utility | 30 | 32 | 31 | 29 | 27 | 27 | 29 | 29 | 28 | 27 |
| Tiger Point Golf Course (3) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17 | 19 | 19 |
| Total Enterprises | 56 | 58 | 58 | 56 | 52 | 43 | 45 | 62 | 62 | 61 |

(1) Personnel figures may reflect instances of temporary vacancies or transition period staffing that existed at fiscal year-end.

(2) Employees in enterprise operations are often used to support multiple Fund operations, so exclusive attribution to a particular program as of year-end may not accurately reflect typical allocation through the year. City's utility staffing typically ranges 400 to 425 utility accounts per employee. Tiger Point Golf Course was acquired by the City in fiscal year 2013.

(3) On October 1, 2015, a management agreement with Integrity Golf became effective for operation of the Tiger Point Golf facility resulting in the dismissal of those 17 employees from the City's payroll. Honours Golf Company, LLC took over management of the golf course in April 2017.

The City benefits from efforts of volunteer and use of inmate labor in a variety of areas for which full time equivalents cannot be calculated for this schedule.

The City uses an outside temporary labor agency for up to three part-time staff at its transfer station and for other requirement on an as needed bases.

Source: City of Gulf Breeze Finance Department

City of Gulf Breeze, Florida
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited
Table XXVII

| <i>Function</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 ** | 2016 | 2015 | 2014 * | 2013 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Fire Department | | | | | | | | | | |
| Emergency medical calls | 261 | 217 | 347 | 593 | 792 | 733 | 606 | 645 | 439 | 495 |
| Fire and other calls | 279 | 292 | 387 | 530 | 418 | 432 | 394 | 366 | 401 | 361 |
| | 540 | 509 | 734 | 1123 | 1210 | 1165 | 1000 | 1011 | 840 | 856 |
| Police Department | | | | | | | | | | |
| Arrests | 437 | 204 | 287 | 391 | 401 | 436 | 505 | 314 | 304 | 415 |
| Citations | 3,612 | 1,433 | 2,149 | 3,373 | 518 | 5,101 | 4,943 | 3,917 | 5,455 | 6,734 |
| Parks and Recreation | | | | | | | | | | |
| League registrations | 2,294 | 1,825 | 1,718 | 1,765 | 1,863 | 1,853 | 1,773 | 1,718 | 1,640 | 1,745 |
| Water | | | | | | | | | | |
| Customers at year end | 7,275 | 2,650 | 2,635 | 2,602 | 2,602 | 2,600 | 2,612 | 2,580 | 2,591 | 2,579 |
| Usage (000's gallons) | 609,418 | 283,001 | 334,201 | 278,641 | 256,613 | 219,373 | 249,999 | 225,795 | 227,259 | 217,800 |
| Sewer | | | | | | | | | | |
| Customers at year end | 9,747 | 1,591 | 1,576 | 1,551 | 1,549 | 1,545 | 1,554 | 1,548 | 1,528 | 1,517 |
| Usage (000's gallons) | 531,946 | 176,469 | 212,218 | 173,517 | 158,637 | 143,056 | 162,071 | 146,576 | 172,157 | 134,652 |
| Natural Gas | | | | | | | | | | |
| Customers at year end | 4,640 | 4,640 | 4,527 | 4,235 | 4,139 | 3,990 | 3,874 | 3,722 | 3,591 | 3,460 |
| Therms (000's 100's ft3) | 2,185,323 | 1,897,628 | 1,734,930 | 1,992,920 | 1,961,449 | 1,624,936 | 1,690,019 | 1,603,182 | 1,754,132 | 1,270,690 |
| SSRUS - Water | | | | | | | | | | |
| Customers at year end | *** | 4,568 | 4,534 | 4,431 | 4,474 | 4,413 | 4,358 | 4,337 | 4,300 | 4,145 |
| Usage (000's gallons) | *** | 303,056 | 384,245 | 283,915 | 230,438 | 250,942 | 272,180 | 280,525 | 289,186 | 270,288 |
| SSRUS - Sewer | | | | | | | | | | |
| Customers at year end | *** | 7,351 | 7,176 | 6,795 | 6,774 | 6,599 | 6,418 | 6,321 | 6,160 | 5,966 |
| Usage (000's gallons) | *** | 506,407 | 626,319 | 462,381 | 427,630 | 406,408 | 400,093 | 406,407 | 422,883 | 373,787 |

Source: Department Records and Gulf Breeze Sports Association

City of Gulf Breeze, Florida
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited
Table XXVII

| <i>Function</i> | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------------------|-------|--------|--------|--------|--------|--------|-------|--------|--------|--------|
| Wastewater Treatment | | | | | | | | | | |
| Treatment (millions of gal) | 575.5 | 708.3 | 629.2 | 617.0 | 527.2 | 601.0 | 606.0 | 545.2 | 614.9 | 558.6 |
| Tiger Point Golf Course | | | | | | | | | | |
| Annual rounds played (1) | - | 12,541 | 33,169 | 27,514 | 26,202 | 12,755 | N/A | 31,305 | 37,248 | 32,159 |

Source: Department Records and Gulf Breeze Sports Association

* – Billing delays due to major software transition resulted in 1 month's activity being billed in the following (FY 2014) fiscal year.

** - Honours Golf Company, LLC took over management of the golf course in April 2017. Figures for annual rounds played reflect April 2017 to September 2017.

*** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures which are reported above.

(1) – Tiger Point Golf Course was acquired by the City of Gulf Breeze in December 2012. Amounts reported prior to that time are based on prior owner's activity. In 2016, Integrity Golf Courses, LLC operated the course, and the City did not require reports of rounds played. The City disposed of the course in 2021.

City of Gulf Breeze, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years
Unaudited
Table XXVIII

| Function/Program | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Streets: | | | | | | | | | | |
| Miles of roads | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 |
| Miles of sidewalks | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10 |
| Signs installed | 213 | 213 | 213 | 213 | 174 | 174 | 172 | 172 | 172 | 172 |
| Traffic signal (City owned) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | | | | | | |
| Water line (miles) | 106.6 | 43.5 | 43.5 | 43.5 | 43.5 | 43.5 | 43.5 | 43.5 | 43.5 | 43.5 |
| Elevated storage tanks | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Elevated storage capacity (000's) | 250 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Ground storage tanks | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ground storage capacity (000,000's) | 2.5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water pump facilities | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sewer | | | | | | | | | | |
| Sewer lines (miles) | 150.0 | 35.2 | 35.2 | 35.2 | 34.8 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 |
| Lift stations | 89 | 26 | 26 | 26 | 26 | 26 | 26 | 10 | 10 | 10 |
| Natural Gas: | | | | | | | | | | |
| Gas main (miles) | 160.3 | 160.3 | 160.3 | 160.3 | 160.3 | 159.6 | 141.3 | 141.3 | 141.3 | 141.3 |
| South Santa Rosa Utility System: | | | | | | | | | | |
| <u>Water</u> | | | | | | | | | | |
| Water line (miles) | *** | 63.1 | 63.1 | 63.1 | 62.9 | 62.9 | 62.9 | 62.9 | 62.9 | 62.5 |
| Elevated storage tanks | *** | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Elevated storage capacity (000's) | *** | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 |
| Ground storage tanks | *** | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ground storage capacity (000,000's) | *** | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Water pump facilities | *** | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Sewer</u> | | | | | | | | | | |
| Sewer lines (miles) | *** | 70.1 | 70.1 | 67.4 | 65.9 | 62.8 | 59.4 | 59.4 | 59.4 | 59.0 |
| Lift stations | *** | 63 | 61 | 63 | 63 | 62 | 61 | 61 | 61 | 61 |
| <u>Treatment Facilities</u> | | | | | | | | | | |
| Treatment facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Capacity (000,000 gal/day) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Reclaimed elevated storage tanks | 1 | 1 | 1 | 1 | 1 | 1 | | | | |
| Elevated storage capacity 000s | 300 | 300 | 300 | 300 | 300 | 300 | | | | |
| Stormwater Utility | | | | | | | | | | |
| Stormwater pipe (miles) | 12.2 | 12.2 | 11.4 | 11.4 | 11.4 | 11.4 | 11.4 | 9.1 | 9.1 | 9.1 |
| Inlets | 274 | 274 | 262 | 262 | 262 | 262 | 262 | 186 | 186 | 186 |
| Pump stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 |

Source: Department Records

City of Gulf Breeze, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years
Unaudited
Table XXVIII

| Function/Program | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| Police Department | | | | | | | | | | |
| Patrol units | 21 | 21 | 21 | 19 | 20 | 16 | 18 | 18 | 18 | 17 |
| Fire Department: | | | | | | | | | | |
| Response and support vehicles | 10 | 10 | 10 | 11 | 12 | 11 | 10 | 10 | 10 | 10 |

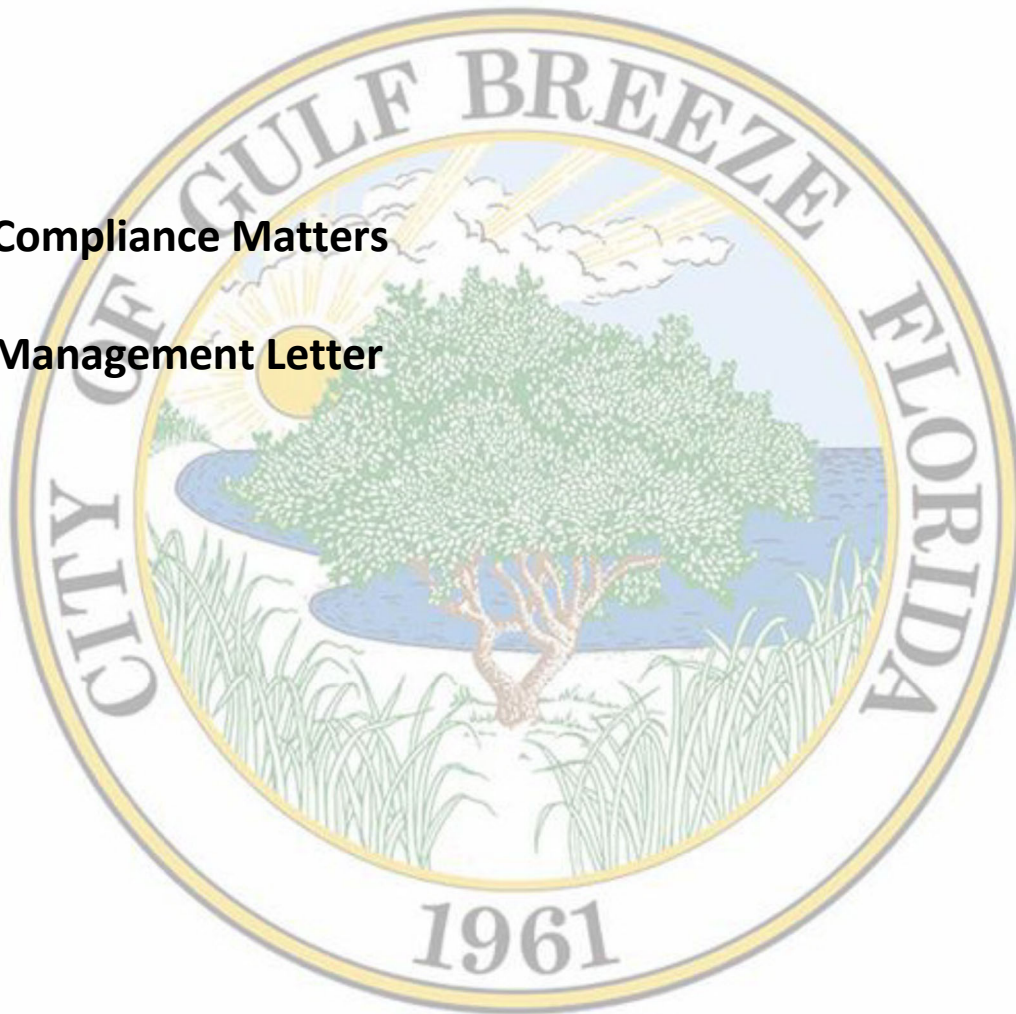
Source: Department Records

*** - SSRUS Water and Sewer figures are combined with the Water and Sewer figures which are reported above.

Compliance Section

❖ Compliance Matters

❖ Management Letter



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

Honorable Mayor, City Council Members
City of Gulf Breeze, 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, they business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Gulf Breeze, Florida, Florida (hereinafter referred to as the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City'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, LLC". The script is cursive and fluid.

CARR, RIGGS & INGRAM, LLC

Fort Walton Beach, Florida
June 23, 2023

MANAGEMENT LETTER

Honorable Mayor, City Council Members
City of Gulf Breeze, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Gulf Breeze, Florida, Florida (the City) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 23, 2023.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 23, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed

in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, the City Council members, 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

Fort Walton Beach, Florida
June 23, 2023

**ATTESTATION REPORT ON COMPLIANCE WITH
SECTION 218.415 FLORIDA STATUTES**

Honorable Mayor, City Council Members
City of Gulf Breeze, Florida

We have examined the City of Gulf Breeze, Florida's (the City's) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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

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

CARR, RIGGS & INGRAM, LLC

Fort Walton Beach, Florida
June 23, 2023