

*The City of Gulf Breeze
Annual Comprehensive
Financial Report
For the Fiscal Year ending
September 30, 2021*

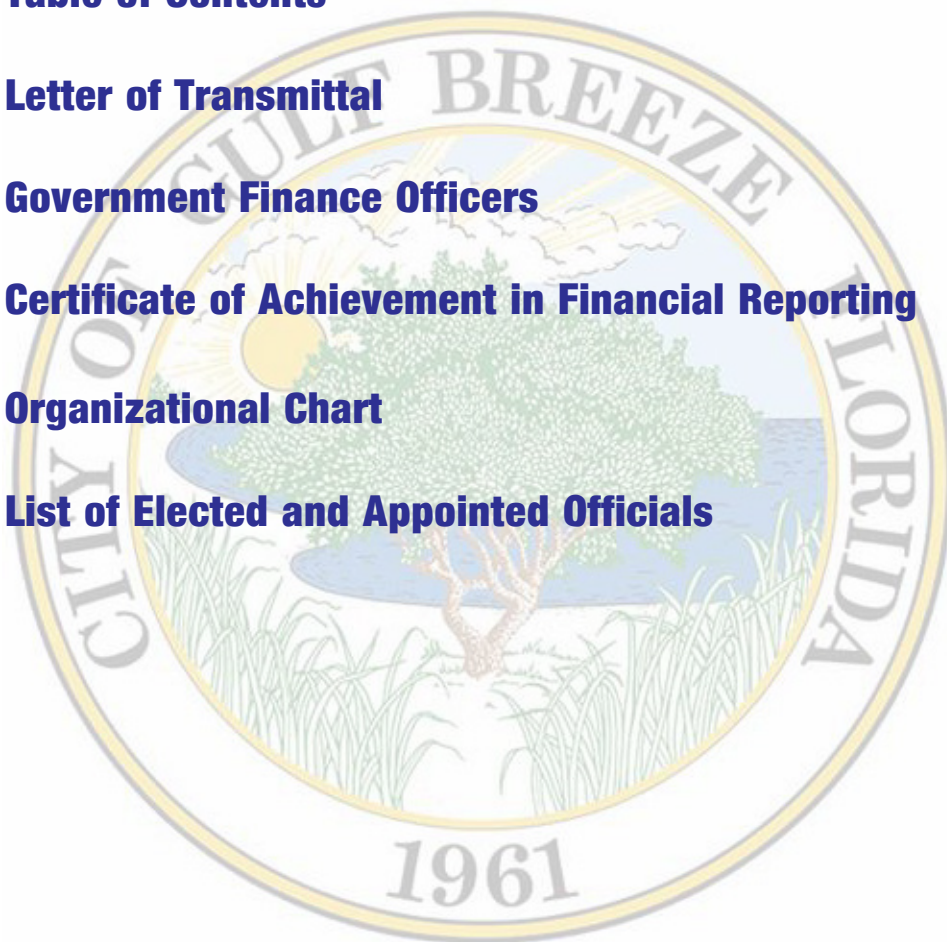
Annual Comprehensive Financial Report

**The City of Gulf Breeze, Florida
Year Ended September 30, 2021**

**Prepared by the Finance Department
Bragg Farmer, Director of Finance**

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CITY OF GULF BREEZE, FLORIDA
GULF BREEZE, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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City of Gulf Breeze

April 7, 2022

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, 2021.

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.

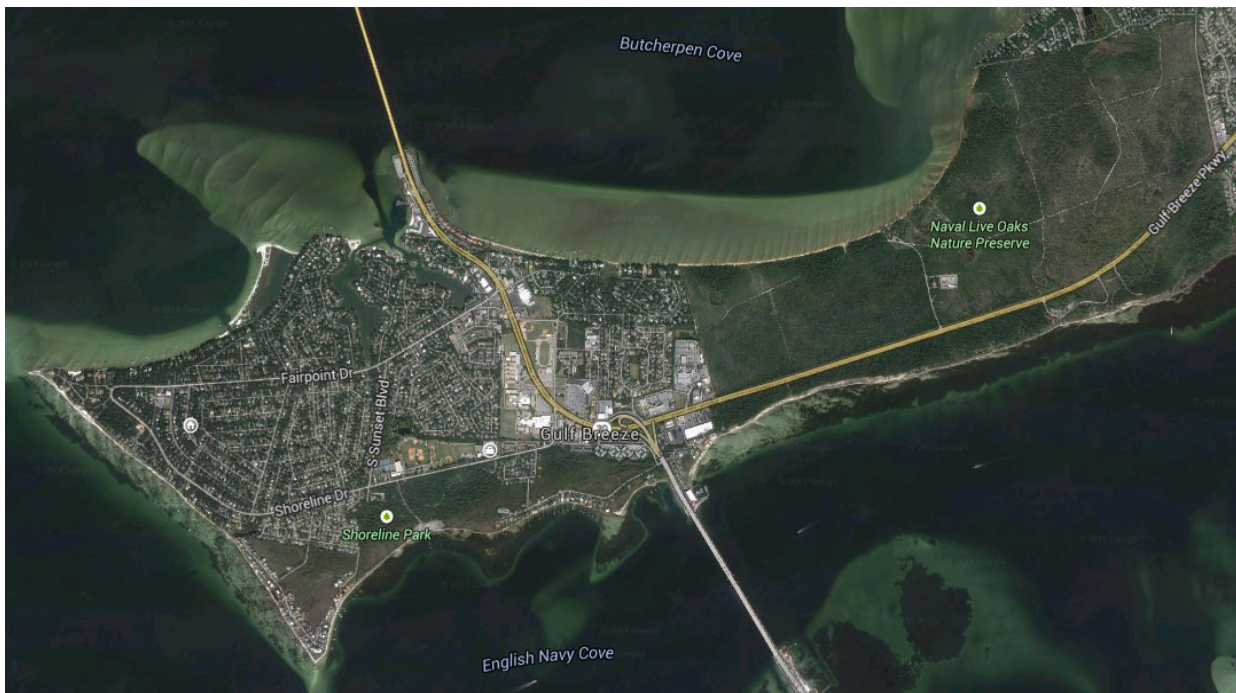
Saltmarsh, Cleaveland & Gund, PA, a firm of certified public accountants, has audited the City of Gulf Breeze's (the City) financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting 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, 2021, 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 is 4.5 square miles and has approximately 5,849 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 employs approximately 152 total employees with 120 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 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 is a separate legal entity with an operating function for the City.

Local Economy

The economic base of the City is 73% residential with commercial areas accounting for 27% of the City. Because the City 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. Due to Covid-19 and Hurricane Sally which resulted in the closer of the Pensacola Bay Bridge, local retail has suffered. The CRA has offered marketing, promotion, and eligible small business grants.

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, 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.

Tiger Point Golf Course

During fiscal year 2013, the City purchased the Tiger Point Golf Course properties consisting of two courses on 308 acres, of which 27 of 36 holes were operating. Located outside of the city limits, the Tiger Point property is immediately adjacent to the City's wastewater treatment facility. Today, the golf course irrigation system is vital to reintroducing 1.3 million gallons of treated water from the wastewater plant back into the local aquifer each day. When Tiger Point was acquired, the west course had been severely damaged by Hurricane Ivan. The recession also resulted in further decline of the clubhouse and the previous owner had defaulted. The purchase of the golf course not only helped the City with wastewater treatment, but also helped to protect home values in the area.

The east golf course has been revitalized and listed for sale in fiscal year 2020 to return to the private ownership. A portion of the old west course was sold to the school board in fiscal year 2020 for a new school, and a portion of that which remains will be used for the expansion of the wastewater treatment and reclamation facility.

During fiscal year 2021 the east golf course was sold to a private individual and is being operated as a public golf course. The Clubhouse was sold to a different buyer and renovated for use unrelated to the golf course. Regardless of private or City ownership, all of the property is restricted by an effluent disposal agreement to preserve the public purpose for the wastewater utility’s future capacity needs.

Long-term Financial Planning

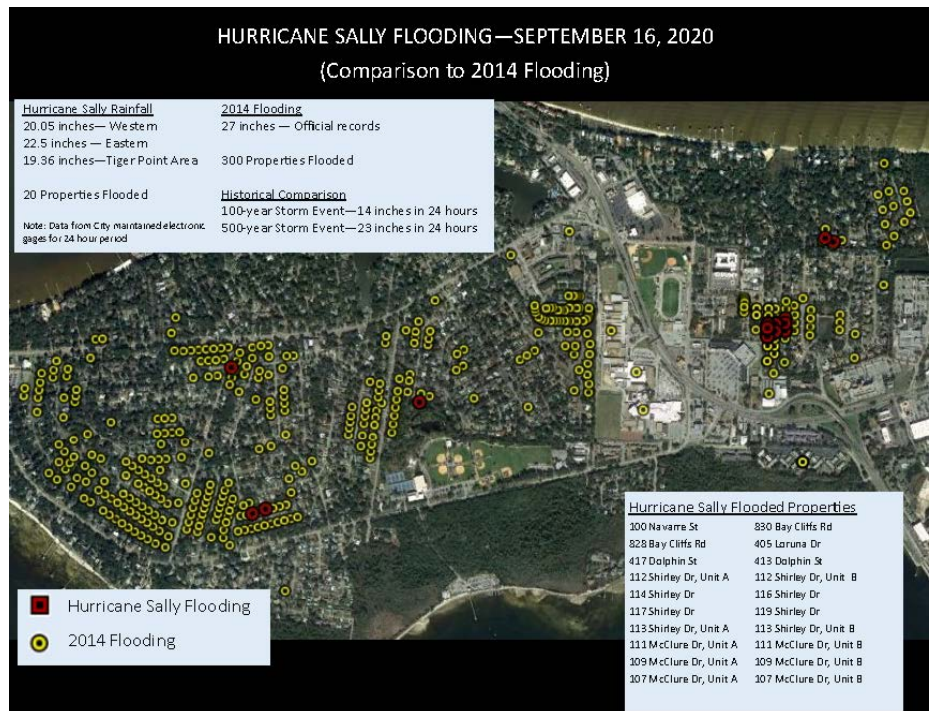
Future financial requirements are directly tied to the vision and goals outlined in the City of Gulf Breeze Five Year Strategic Plan, Comprehensive Plan, Most Livable City Plan, and Capital Improvement Plan.

The purpose of the Comprehensive Plan is to help manage the socio-economic growth, development, and redevelopment of the city. Recommended strategies to accomplish the goals of the Comprehensive Plan are organized by plan element to create a five-year implementation plan.

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.

Gulf Breeze sponsored its first loan pool in 1985. Since that time the loan pools and the sponsorship of bond issuances have generated over \$17 million in fees, allowing the City to make significant capital improvements. Loan pool and sponsorship fees have been used to fund a variety of Gulf Breeze projects over the years.

The Capital Trust Agency (CTA) is an interlocal agency formed by the City 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 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.

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 operates.

Hurricane Sally

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.

In 2020, the City completed a yearlong utility rate study to determine how best to afford needed renewals and replacements of utility assets including machinery and lift stations. The City Council held a workshop to discuss the study's results and capital priorities for funding. The City had increasingly experienced emergency repairs of aging machinery. 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 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 that uses the same rate structure inside and outside of the city. This rate adjustment will support the system-wide capital planning.

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.

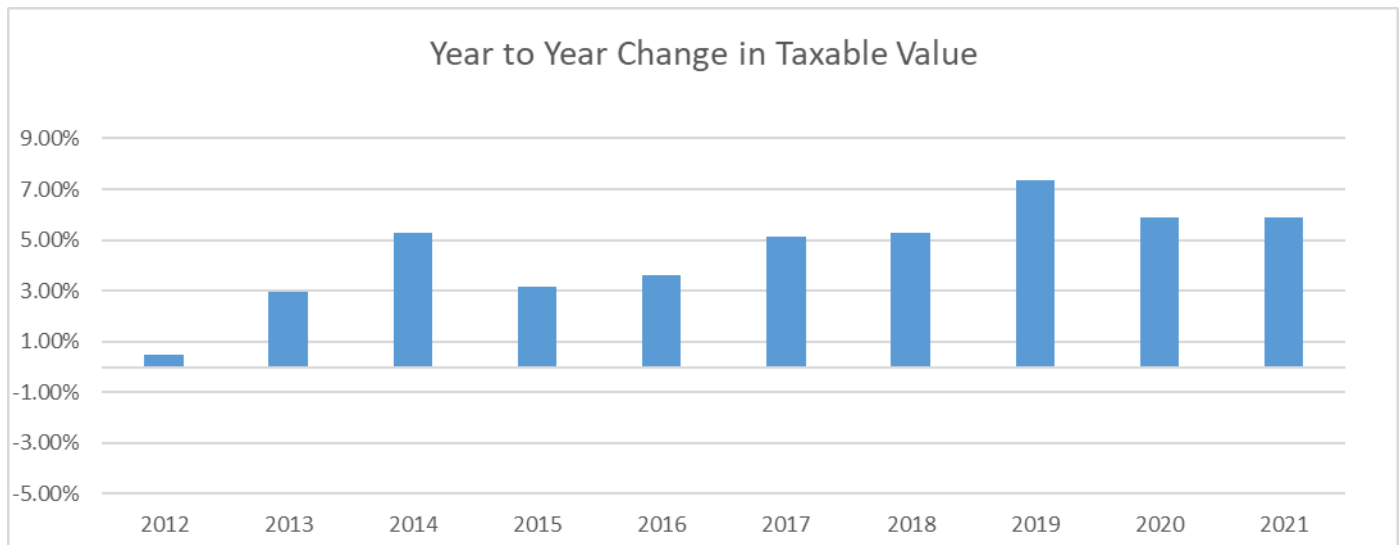
The Florida Department of Transportation Stormwater Design Standards for a 100-year storm event is defined as a storm event that has a 1% chance of occurring and that results in 13 inches of rain within a 24 hour period. There are no FDOT design standards for an event with less than a 1% chance of occurring 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.

When Hurricane Sally hit, two major stormwater projects which took years to study, design and fund were incomplete and in the midst of construction. These projects are the Bear Drive Project located in the Central Drainage Basin and the Plantation Hill Project located in the East Drainage Basin. Both projects include system improvements to surrounding neighborhood collectors. Flooding overwhelmed pumps and caused flooding with five structural impacts in the Central District and 11 structural impacts in the East District, compared to the 2014 flood with 300 structural floods in five areas and three drainage basins.

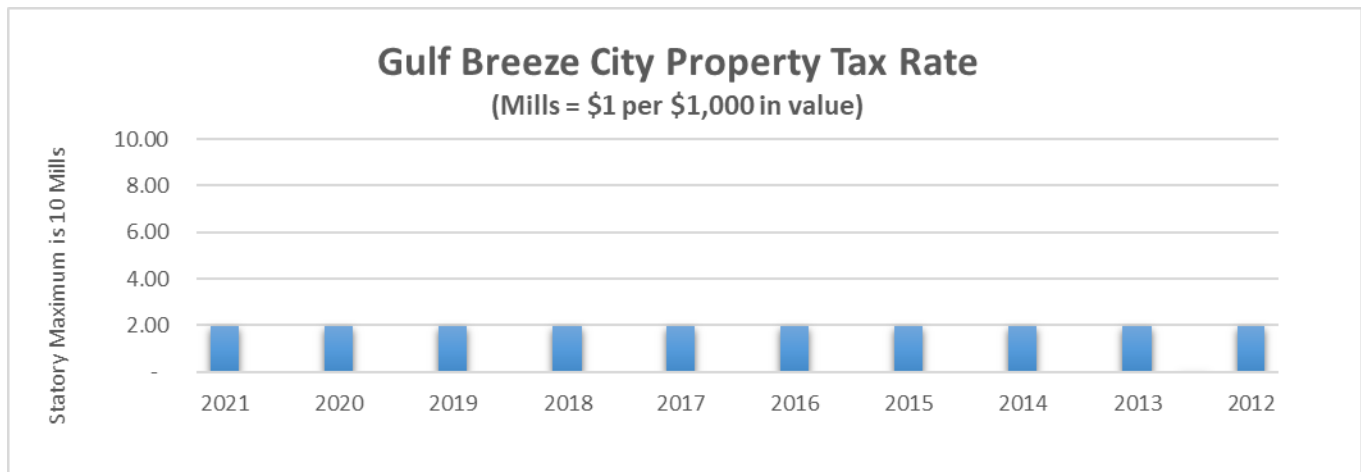
Covid-19 Global Pandemic

The City has seen revenues rise and fall due to the uneven nature of supply and labor shortages coupled with the Hurricane Sally recovery. Overall, nonlocal spending is increasing due to tourism demand and new hotels and restaurants.

Property Values



There was a 5.90% increase in assessed City property value in 2021, following consecutive increases of 5.89%, 7.4%, 5.3%, 5.1%, 3.6%, 3.1%, and 5.3% in 2020, 2019, 2018, 2017, 2016, 2015 and 2014 respectively. (Reference Table VII in the Statistical Section).



The millage rate for the city has remained virtually 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 Highway 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 wastewater 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, fiscal year 2021 includes the continued planning of the new police department facility, 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 City created a special revenue fund in order to maximize the use of the fuel tax, local option sales tax, and stormwater fees for the exclusive purpose of natural resource management including infrastructure upgrades. CIP's continue 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 Florida Power Light 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 annual comprehensive financial report for the fiscal year ended September 30, 2020. That was the 19th 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 annual comprehensive 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 annual comprehensive 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 20th 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. The preparation of this annual comprehensive financial report could not have been accomplished without the dedicated services of the entire staff of the Finance Department, City Clerk's, and the City's Department Directors.

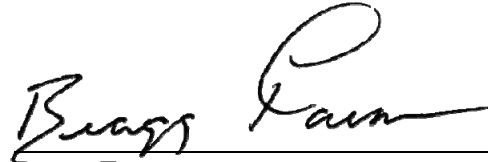
Other City departments, while not extensively involved in the year-end audit activities, contribute significantly, ensuring the accuracy and integrity of accounting information throughout the year. Their diligence was essential in assisting the Finance Department in providing the citizens of Gulf Breeze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

We would also like to acknowledge the accounting firm of Saltmarsh, Cleaveland & Gund for their continued 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

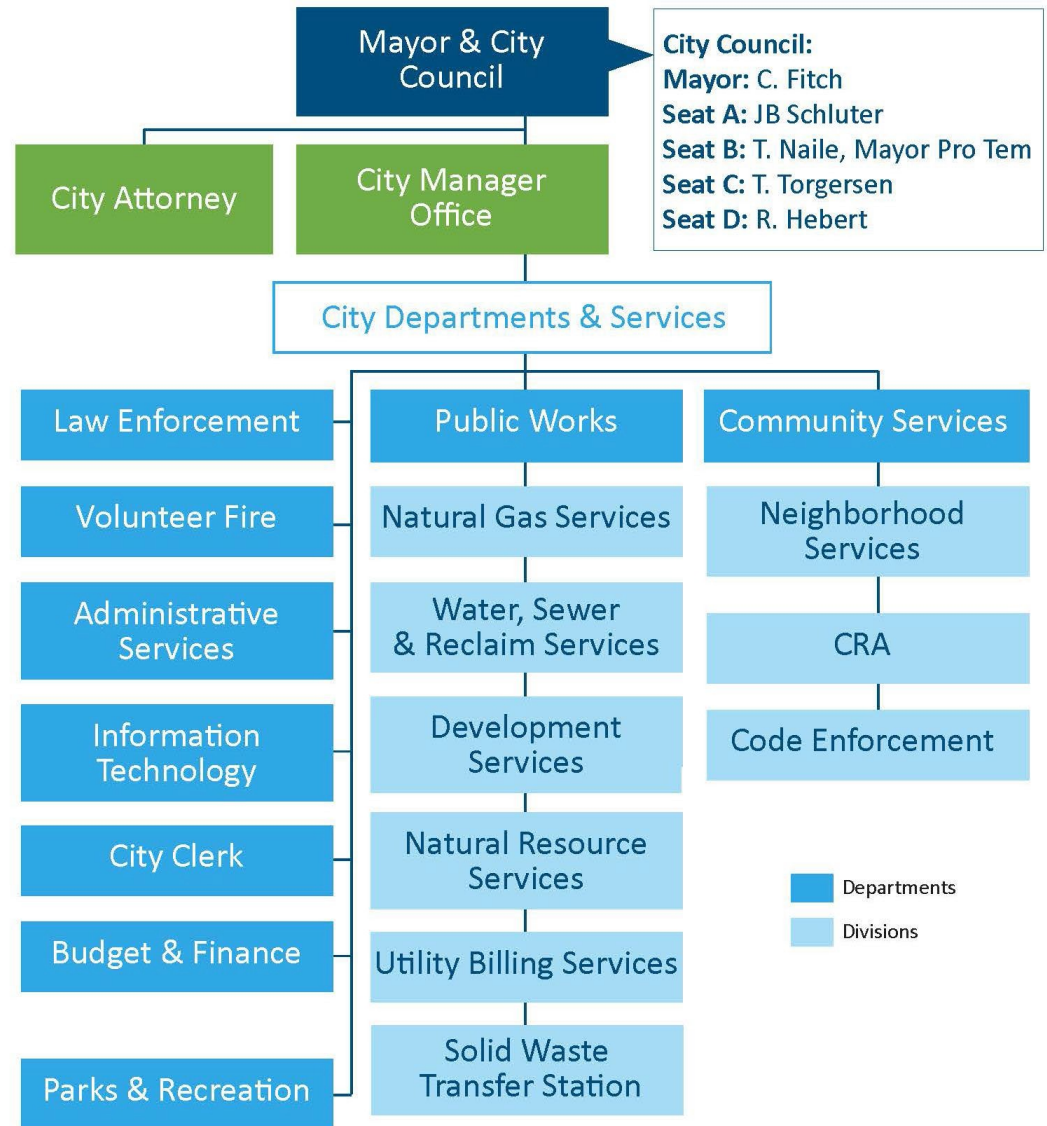
September 30, 2020

Christopher P. Morill

Executive Director/CEO

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City of Gulf Breeze ORGANIZATIONAL CHART



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City of Gulf Breeze

As of September 30, 2021

Elected Officials – City Council

Mayor: Cherry Fitch

Seat A: JB Schluter

Seat B: Tom Naile*

Seat C: Todd Torgersen

Seat D: Randy Hebert

*Mayor Pro Tem

Appointed Officials

City Manager: Samantha Abell

City Attorney: Mary Jane Bass

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II. Financial Section

- ❖ **Independent Auditor's Report**
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- ❖ **(Notes to the Financial Statements)**
- ❖ **Required Supplementary Information**
- ❖ **Combining and Individual Fund Statements and Schedules**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund and the Urban Core Redevelopment Fund of the City of Gulf Breeze, Florida (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Urban Core Redevelopment Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System, the Schedule of Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program, the Schedule of Changes in Employer Net Pension Liability and Related Ratio - Florida Municipal Pension Trust Fund, the Schedule of Contributions - Florida Retirement System, the Schedule of Contributions - Health Insurance Subsidy Program, the Schedule of Contributions - Florida Municipal Pension Trust Fund, Notes to the Schedule of Contributions - Florida Municipal Pension Trust Fund, and the Schedule of Changes in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Gulf Breeze, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pensacola, Florida
April 7, 2022

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**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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, 2021. 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 of Gulf Breeze exceeded its liabilities and deferred inflows by \$62,574,642 (net position). Of this amount \$25,796,801 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The governmental total unrestricted net position decreased by \$7,475,093 or approximately 106% and the business-type total unrestricted net position increased by \$4,743,314 or approximately 22%.
- The City's total net position increased by \$6,982,793 or approximately 13% over the prior fiscal year.
- The governmental funds of the City reported combined ending fund balances of \$24,684,587, an increase of \$14,535,882 or 143%, as total revenues of \$13,952,945 plus total other financing uses of \$12,765,678, is more than the total expenditures of \$12,610,255. A reclassification of \$427,514 was also recorded to account for the transfer of assets and liabilities of the stormwater enterprise fund to the stormwater special revenue fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,483,421 or approximately 75% of the total General Fund expenditures for the year ended September 30, 2021.
- The City's total assets and deferred outflows increased by \$17,685,229 or 20% over the prior year.
- The City's total net investment in capital assets decreased by \$3,345,436 or 14%.
- The City's total liabilities and deferred inflows increased \$10,702,436 or 35% 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 statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

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 25-26 of this report.

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.

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.

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 and the Urban Core Redevelopment Fund (UCR), 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.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

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

The basic governmental fund financial statements can be found on pages 27-33 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, South Santa Rosa Utility Services (SSRUS) Water & Sewer Fund, GBFS Fund, Solid Waste Control Fund, and Innerarity Point Utilities Fund. The City's Water & Sewer Fund, Natural Gas Fund, SSRUS Water & Sewer 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 basic proprietary fund financial statements can be found on pages 34-39 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 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 40-41 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 43-101 of this report.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

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 103-110 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 111-119 of this report.

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 \$62,574,642 at the close of the most recent fiscal year, as reported in Table 1, below.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

**TABLE 1
CITY OF GULF BREEZE, FLORIDA
NET POSITION
AS OF SEPTEMBER 30, 2021 AND 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 28,557,872	\$ 12,020,593	\$ 30,184,745	\$ 25,001,341	\$ 58,742,617	\$ 37,021,934
Capital assets	19,990,086	14,126,406	24,013,769	33,599,568	44,003,855	47,725,974
Total assets	<u>48,547,958</u>	<u>26,146,999</u>	<u>54,198,514</u>	<u>58,600,909</u>	<u>102,746,472</u>	<u>84,747,908</u>
Deferred outflows	1,217,313	1,530,648	-	-	1,217,313	1,530,648
Total assets and deferred outflows	<u>\$ 49,765,271</u>	<u>\$ 27,677,647</u>	<u>\$ 54,198,514</u>	<u>\$ 58,600,909</u>	<u>\$ 103,963,785</u>	<u>\$ 86,278,556</u>
Non-current liabilities	\$ 21,558,972	\$ 7,434,821	\$ 10,796,295	\$ 15,420,236	\$ 32,355,267	\$ 22,855,057
Current liabilities	3,635,903	2,031,496	3,282,178	4,640,052	6,918,081	6,671,548
Total liabilities	<u>25,194,875</u>	<u>9,466,317</u>	<u>14,078,473</u>	<u>20,060,288</u>	<u>39,273,348</u>	<u>29,526,605</u>
Deferred inflows	2,115,795	1,160,102	-	-	2,115,795	1,160,102
Total liabilities and deferred inflows	<u>27,310,670</u>	<u>10,626,419</u>	<u>14,078,473</u>	<u>20,060,288</u>	<u>41,389,143</u>	<u>30,686,707</u>
Net position:						
Net investment in capital assets	8,760,611	7,443,163	12,351,474	17,014,358	21,112,085	24,457,521
Restricted	14,138,486	2,577,468	1,527,270	28,280	15,665,756	2,605,748
Unrestricted	(444,496)	7,030,597	26,241,297	21,497,983	25,796,801	28,528,580
Total net position	<u>22,454,601</u>	<u>17,051,228</u>	<u>40,120,041</u>	<u>38,540,621</u>	<u>62,574,642</u>	<u>55,591,849</u>
Total liabilities and net position	<u>\$ 49,765,271</u>	<u>\$ 27,677,647</u>	<u>\$ 54,198,514</u>	<u>\$ 58,600,909</u>	<u>\$ 103,963,785</u>	<u>\$ 86,278,556</u>

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 \$21,112,085 (34% of total net position) at September 30, 2021. 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. This fiscal year as with the prior fiscal year, all debt proceeds related to the purchase of capital assets have been expended.

An additional portion of the City's net position of \$15,665,756 or 25% 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 \$25,796,801 (41% 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
SEPTEMBER 30, 2021
(Continued)**

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, except for unrestricted net position for governmental activities.

Governmental Activities - Governmental activities before transfers increased the City's net position by \$2,393,420. The key elements of this change are reported in Table 2A, below.

	Governmental Activities		Year over year change	
	2021	2020	\$ Amount	Pct of 2020
Revenues:				
Program revenues:				
Charges for services	\$ 1,811,201	\$ 1,111,456	\$ 699,745	63.0%
Operating grants and contributions	2,454,367	649,954	1,804,413	277.6%
Contributions from component unit	2,700,000	1,000,000	1,700,000	170.0%
General revenues:				
Property taxes	2,643,304	2,531,028	112,276	4.4%
Other taxes	3,078,609	2,018,865	1,059,744	52.5%
Intergovernmental revenues	1,112,397	991,793	120,604	12.2%
Gain (loss) on sale of capital assets	25,887	(25,690)	51,577	-200.8%
Miscellaneous	132,021	93,943	38,078	40.5%
Investment earnings	21,046	111,654	(90,608)	-81.2%
Total revenues	13,978,832	8,483,003	5,495,829	64.8%
Expenses:				
Governmental activities:				
General government	3,587,040	2,966,666	620,374	20.9%
Public safety	3,744,458	3,647,928	96,530	2.6%
Transportation	487,809	1,083,492	(595,683)	-55.0%
Economic environment	498,279	413,228	85,051	20.6%
Culture and recreation	2,773,276	2,262,678	510,598	22.6%
Debt service interest	494,550	323,191	171,359	53.0%
Total expenses	11,585,412	10,697,183	888,229	8.3%
Change in net position before transfers	2,393,420	(2,214,180)	4,607,600	-208.1%
Transfers	739,791	(1,229,429)	1,969,220	-160.2%
Change in net position	\$ 3,133,211	\$ (3,443,609)	\$ 6,576,820	191.0%

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

For comparative purposes, total revenues for government activities increased \$5,495,829 or 64.8% over the prior fiscal year. The largest portion of this increase is related to contributions from component unit, which increased by \$1,700,000 over the prior year or approximately 170%. 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, 2021, increased from \$1,000,000 in the prior fiscal year to \$2,700,000. 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 \$112,276 or 4.4%, with the total City tax levy increasing by 3.9% and with a 102% collection rate for the fiscal year. Intergovernmental revenues increased by \$120,604 or 12.2%, primarily from County gasoline taxes. Other taxes increased by \$1,059,744 or 52.5%, with the increased revenues due to an increase in tourist development taxes and electricity franchise fees and municipal taxes. Operating grants increased by \$1,804,413 or 277.6% primarily related to FEMA reimbursements related to Hurricane Sally.

In 2016, the City received one-time revenues related sale of property to the Florida Department of Transportation (FDOT). This was one-time extraordinary revenue of approximately \$5.8 million dollars for the sale of property to the State of Florida related to the construction of the Pensacola Bay Bridge. This FDOT project began construction in 2017 and is slated to be completed by 2022. Information related to the construction of this bridge can be found on <https://nwflroads.com/projects/409334-1>.



Artist's rendering of the new Pensacola Bay Bridge, courtesy of FDOT

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

The City invested \$3 million in long-term investments from the FDOT proceeds in 2016. The purpose of these investments is to fund future capital projects as presented to the Council in the "Most Livable City Plan". At the end of the September 30, 2021 fiscal year, the City had approximately \$1.9 million remaining from the original investment. In addition, approximately \$1.1 million in cash from these investments is remaining to fund the East Basin Storm Water project in the new fiscal year. The City's long-term investments earned approximately \$10,423 in interest income for the September 30, 2021 fiscal year of the total \$21,046 in earnings. The overall investment earnings decreased \$90,608 or 82% over the prior fiscal year.

The City experienced an increase in charges for services, \$699,745 or 63%, which can be attributed to the normalization of recreation/community center programs since the onset of the COVID-19 pandemic.

The corresponding total expenses increased \$888,229 or approximately 8% over the prior year.

The largest spending portion of the governmental activity increase is approximately \$620,374 or 21% related to general government. This increase is due to expenses incurred related to Hurricane Sally.

The City cultural and recreation expenditures increased by \$510,598 or 22.6% due to the increased activity of programs with the reduction in COVID-19 concerns.

The largest governmental activity decrease in spending is \$595,683 or 55% related to Transportation as a result of decreased street repair and paving.

Economic environment expenses increased \$85,051 or 21%, primarily related to projects within the tax increment financing district (TIF). Public safety expenses increased \$96,530 or 0.3%. The governmental expenses related to debt service interest increased \$171,359 or 61.8% related to additional debt service issued.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

Business-Type Activities - Business-type activities increased the City's net position by \$4,589,373 before transfers, as indicated on Table 2B, below.

**TABLE 2B
CITY OF GULF BREEZE, FLORIDA
COMPONENT CHANGE FROM PRIOR YEAR IN NET POSITION - BUSINESS-TYPE
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	Business-type Activities		Year over year change	
	2021	2020	\$ Amount	Pct of 2020
Revenues:				
Program revenues:				
Charges for services -				
Water and sewer	\$ 3,366,742	\$ 3,026,720	\$ 340,022	11.2%
Natural gas	3,263,937	2,949,615	314,322	10.7%
South Santa Rosa Utility	7,074,219	6,812,683	261,536	3.8%
Tiger Point Golf Course	633,586	1,554,015	(920,429)	-59.2%
Solid waste control	897,248	839,642	57,606	6.9%
Stormwater management	-	458,084	(458,084)	-100.0%
Gulf Breeze Financial Services	49,550	50,588	(1,038)	-2.1%
Innerarity Point	37,072	37,617	(545)	-1.4%
Total charges for services	<u>15,322,354</u>	<u>15,728,964</u>	<u>(406,610)</u>	<u>-2.6%</u>
Capital grants and contributions	2,778,927	3,569,878	(790,951)	-22.2%
General revenues:				
Other revenues	237,946	186,315	51,631	27.7%
Gain from sale of capital assets	1,388,596	6,419	1,382,177	100.0%
Investment earnings	421,605	347,336	74,269	21.4%
Total revenues	<u>20,149,428</u>	<u>19,838,912</u>	<u>310,516</u>	<u>1.6%</u>
Expenses:				
Business-type activities:				
Water and sewer	2,476,116	2,513,018	(36,902)	-1.5%
Natural gas	2,809,930	2,513,805	296,125	11.8%
SSRUS utilities	8,307,676	7,806,296	501,380	6.4%
Tiger Point Golf Course	881,851	1,985,504	(1,103,653)	-55.6%
Solid waste control	877,883	880,359	(2,476)	-0.3%
Stormwater management	-	570,162	(570,162)	-100.0%
Gulf Breeze Financial Services	180,558	240,887	(60,329)	-25.0%
Innerarity Point	26,041	8,585	17,456	203.3%
Total expenses	<u>15,560,055</u>	<u>16,518,616</u>	<u>(958,561)</u>	<u>-5.8%</u>
Change in net position before transfers	4,589,373	3,320,296	1,269,077	38.2%
Transfers	(739,791)	1,229,429	1,969,220	-160.2%
Change in net position	<u>\$ 3,849,582</u>	<u>\$ 4,549,725</u>	<u>\$ (700,143)</u>	<u>-15.4%</u>

CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

In the fiscal year ending September 30, 2021, revenues related to charges for services for the business-type activities decreased by approximately \$406,610 or 2.6% over the prior fiscal year. The largest part of this decrease is revenues generated by the Tiger Point Golf Course, which was sold in February 2021, decreased by \$920,429 or 59.2% over the prior fiscal year.

The water and sewer charges inside the City limits increased \$340,022 above the prior year or approximately 11.2%. This increase is related to having a stable base of customers. The natural gas operations increased \$314,322 or 10.7%. This increase is due to a greater consumption gas during the year. The Solid Waste Fund charges increased \$57,606 or 6.9%. Charges for services by GBFS decrease of by \$1,038 or 2.1% below the prior year is minimal. The decrease related to Innerarity Point of \$545 or 1.4% is the result of lower usage during the year.

Capital grants and contributions decreased \$790,951 or 22.2% 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 \$51,631 or 27.7% over the prior fiscal year. The largest increase is \$1,382,177 or 100% and is related to the 2021 gain on the sale of the Tiger Point Golf Course and Club House.

The enterprise investment earnings increased \$74,269 or 22%, with total earnings of \$421,605. Included in this amount is \$411,029 or 97% 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 balance of the investment earnings, \$10,576 or 3%, is related to the purchase of a \$4,000,000 certificate of deposit for the SSRUS fund using reserve funds and other minor investments with the Florida Municipal Investment Trust. The City established an Investment Policy and Investment Committee in in the later part of 2018, and as a result reserve funds are now being invested.

Business-type expenditures decreased \$958,561 or 5.8% below the prior fiscal year. The majority of this decrease \$1,103,653 or 55.6% is related to the Tiger Point Golf Course.

There were other increases related to expenditures in the Natural Gas Fund of \$296,125 or 11.8%, primarily operational in nature.

The expenses associated with the Solid Waste Fund decreased by \$2,476 or 0.3%, the Stormwater Management Fund expenses decreased by \$570,162 or 100%, which are attributed to setting up an independent stormwater and streets special revenue fund. Innerarity Point expenses increased \$17,456 or 203%.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

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.

**TABLE 2C
CITY OF GULF BREEZE, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,811,201	\$ 1,111,456	\$ 15,322,354	\$ 15,728,964	\$ 17,133,555	\$ 16,840,420
Operating grants and contributions	2,454,367	649,954	-	-	2,454,367	649,954
Contributions from component unit	2,700,000	1,000,000	-	-	2,700,000	1,000,000
Capital grants and contributions	-	-	2,778,927	3,569,878	2,778,927	3,569,878
General revenues:						
Property taxes	2,643,304	2,531,028	-	-	2,643,304	2,531,028
Other taxes	3,078,609	2,018,865	-	-	3,078,609	2,018,865
Intergovernmental revenues	1,112,397	991,793	-	-	1,112,397	991,793
Gain on sale of capital assets	25,887	(25,690)	1,388,596	6,419	1,414,483	(19,271)
Miscellaneous	132,021	93,943	237,946	186,315	369,967	280,258
Investment earnings	21,046	111,654	421,605	347,336	442,651	458,990
Total revenues	13,978,832	8,483,003	20,149,428	19,838,912	34,128,260	28,321,915
Expenses:						
Governmental activities:						
General government	3,587,040	2,966,666	-	-	3,587,040	2,966,666
Public safety	3,744,458	3,647,928	-	-	3,744,458	3,647,928
Transportation	487,809	1,083,492	-	-	487,809	1,083,492
Economic environment	498,279	413,228	-	-	498,279	413,228
Culture and recreation	2,773,276	2,262,678	-	-	2,773,276	2,262,678
Debt service interest	494,550	323,191	-	-	494,550	323,191
Business-type activities:						
Water and sewer	-	-	2,476,116	2,513,018	2,476,116	2,513,018
Natural gas	-	-	2,809,930	2,513,805	2,809,930	2,513,805
SSRUS utilities	-	-	8,307,676	7,806,296	8,307,676	7,806,296
Tiger Point Golf Course	-	-	881,851	1,985,504	881,851	1,985,504
Solid waste control	-	-	877,883	880,359	877,883	880,359
Stormwater management	-	-	-	570,162	-	570,162
Gulf Breeze Financial Services	-	-	180,558	240,887	180,558	240,887
Innerarity Point	-	-	26,041	8,585	26,041	8,585
Total expenses	11,585,412	10,697,183	15,560,055	16,518,616	27,145,467	27,215,799
Change in net position before transfers	2,393,420	(2,214,180)	4,589,373	3,320,296	6,982,793	1,106,116
Transfers	739,791	(1,229,429)	(739,791)	1,229,429	-	-
Change in net position	3,133,211	(3,443,609)	3,849,582	4,549,725	6,982,793	1,106,116
Net position, beginning of year	17,051,228	20,494,837	38,540,621	33,990,896	55,591,849	54,485,733
Reclassification	2,270,162	-	(2,270,162)	-	-	-
Net Position, as of September 30	\$ 22,454,601	\$ 17,051,228	\$ 40,120,041	\$ 38,540,621	\$ 62,574,642	\$ 55,591,849

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

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/Streets 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 \$24,684,587, which represents an increase of \$14,535,882 or 138% in comparison with the prior year. Definitions related to fund balance classifications can be found in the notes to the financial statements.

This increase is primary from the issuance of a revenue note for \$10,700,000 in the CRA to fund undergrounding of the utilities along Highway 98 from the State Park to the Pensacola Bridge and a revenue note for \$1,300,000 in the Stormwater/Streets fund to pay for additional stormwater projects within the City.

At September 30, 2021, the governmental funds have a total of \$14,138,486 restricted for the following purposes:

Economic Development	\$13,053,890
Debt service requirements	\$208,778
Infrastructure & improvements	\$697,118
Public safety related projects.	\$178,700

At September 30, 2021, the governmental funds have a total of \$288,317 committed for the following purposes:

Insurance Reserve	\$250,000
Beautification projects/landscaping	\$13,399
Park projects	\$24,481
Utility payment assistance	\$437

At September 30, 2021, the governmental funds have a total of \$115,993 assigned for the following purposes:

Public Safety	\$15,993
Disaster Recovery	\$100,000

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

Approximately 41% or \$10,124,254 of the governmental fund balances remain unassigned by the government and \$18,933 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 \$10, 124,254 represents 117% of the total General Fund expenditures of \$8,681,176 at the fiscal year ending September 30, 2021.

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 \$12,152,762 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
SEPTEMBER 30, 2021
(Continued)**

Unrestricted net position of the proprietary funds of the City of Gulf Breeze totaled \$26,241,297 at the end of the fiscal year, which represents an increase of \$4,743,314 above the prior fiscal year. The following table illustrates the unrestricted net position for proprietary funds at fiscal year ended September 30, 2021 and 2020.

		FY 2021		FY 2020
Water & Sewer Fund	\$	2,503,707	\$	1,850,633
Natural Gas Fund		17,448		(122,579)
South Santa Rosa Utility Services		13,664,832		9,467,757
Stormwater Management		-		380,044
Gulf Breeze Financial Services		10,017,246		9,866,008
Non-major Proprietary Funds		38,064		56,120
Total Unrestricted Net Position	\$	26,241,297	\$	21,497,983

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final amended budget for the fiscal year is \$9,074,699 and actual expenditures were \$8,681,176, for a difference of \$393,523. The City is required under Florida Statute 166.241, Section 5, "The governing body of each municipality at any time within a fiscal year or within (60) days following the end of the fiscal year may amend a budget for that year." In order to comply with this statute, the final budget amendment for the fiscal year ending September 30, 2021, was adopted by Council on November 15, 2021. 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. In prior years, the independent auditor's report on internal controls over financial reporting, cited compliance with this statute as a weakness for the City.

The General Fund final budgeted revenues exceeded the actual revenues by \$612,469. 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 \$7,587,920 budget for the fiscal year ending September 30, 2021.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

The highlights of the budgetary changes are as follows:

The original fiscal year General Fund adopted budget was \$7,488,552 and the final amended budget was \$9,074,699, for a difference of \$1,586,147 or approximately 22% more than the original adopted budget. The change from the original adopted budget to final adopted budget is primarily due to costs associated with the cleanup of Hurricane Sally, normal Recreation expenses and related COVID-19.

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

**TABLE 3
CITY OF GULF BREEZE, FLORIDA
CAPITAL ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,683,971	\$ 1,646,909	\$ 2,663,827	\$ 4,133,844	\$ 4,347,798	\$ 5,780,753
Construction in progress	2,110,854	804,620	2,197,230	4,165,701	4,308,084	4,970,321
Buildings and improvements	12,600,750	12,514,593	609,663	2,924,793	13,210,413	15,439,386
Improvements other than buildings	17,237,378	17,128,742	10,262,901	10,405,181	27,500,279	27,533,923
Infrastructure	8,226,308	1,077,264	49,577,418	53,366,484	57,803,726	54,443,748
Machinery and equipment	7,334,926	6,988,187	7,159,677	8,226,956	14,494,603	15,215,143
Accumulated depreciation	(29,204,101)	(26,033,909)	(48,456,947)	(49,623,391)	(77,661,048)	(75,657,300)
Total	\$ 19,990,086	\$ 14,126,406	\$ 24,013,769	\$ 33,599,568	\$ 44,003,855	\$ 47,725,974

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

The decrease in the City of Gulf Breeze's total investment in capital assets for the current fiscal year was \$1,718,371 or approximately 1% below the prior year total investment. The accumulated depreciation related to capital assets increased \$2,003,751 or 3% above the prior fiscal year. Overall, the total investment in capital assets decreased by \$3,722,119 or 8% (net investment less depreciation). As components of this change, government assets increased by \$9,033,872 for a 23% increase and accumulated depreciation increased \$3,170,192 or 12%, for a total increase in investment of fixed assets of \$5,863,680 or 42%. Business-type assets decreased \$10,752,243 or 13% below the prior year total investment and accumulated depreciation decreased \$1,166,444 or 2% for a total combined decrease of \$9,585,799 or 29%. The decrease in business assets is related to the sale of the Tiger Point Golf Course and Club House. Some of the major changes in capital assets are summarized below.

- Scheduled depreciation of existing assets exceeded investment in capital assets for both governmental assets and business-type assets,
- Police Department engineering and drawings were completed in anticipation of construction in fiscal year 2022,
- Emergency Street/Sidewalk repairs were made during the year,
- Emergency water and sewer repairs were completed during the year.



Shoreline Park location for Dog Beach Park

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

Additional information on the City of Gulf Breeze'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 bonded debt and outstanding loans of \$30,254,376. Governmental debt is to be repaid from general government revenues. Business-type obligations are secured by specified revenue sources.

**TABLE 4
CITY OF GULF BREEZE, FLORIDA
NON-CURRENT LIABILITIES**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$ 21,059,048	\$ 6,436,843	\$ 6,980,525	\$ 10,903,053	\$ 28,039,573	\$ 17,339,896
State revolving loan	-	-	580,036	628,959	580,036	628,959
Notes payable	-	-	1,367,144	1,517,425	1,367,144	1,517,425
Capital lease obligation	-	-	1,634,767	2,077,488	1,634,767	2,077,488
Unearned revenue	-	-	-	23,751	-	23,751
Compensated absences	292,245	286,145	178,194	211,112	470,439	497,257
Total	\$ 21,351,293	\$ 6,722,988	\$ 10,740,666	\$ 15,361,788	\$ 32,091,959	\$ 22,084,776

The governmental-type revenue bonds balance increased largely due to the issuance of the \$1,300,000 2021 Stormwater Improvement Revenue Bond and \$10,700,000 CRA Revenue Note. The business-type notes payable balance represents note agreements with the Florida Department of Transportation to fund water, sewer and gas relocation projects.

The governmental revenue bond balances and the business-type capital lease obligations decreased largely as a result of a principal repayment on debt. 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 13 in the notes to the financial statements.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Total assessed property values within the City increased approximately 5% over the prior tax year from \$918,321,936 to \$962,078,234.
- Per capita income increased from \$56,665 to \$57,072 or approximately 1% above the prior fiscal year.
- Budgeted capital expenditures increased approximately 60.6% from approximately \$10.6 million in fiscal year ending September 30, 2020 to \$13.9 million for fiscal year ending September 30, 2021.

Major capital projects for the upcoming fiscal year include:

- Law Enforcement \$2,300,000.
 - Recreation \$1,000,000
 - Streets/Stormwater \$2,411,482
 - Sidewalks (LOOP) \$1,456,029
 - Natural Gas \$292,000
 - Water/Sewer \$4,943,940
- 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.
 - 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.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

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.



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BASIC FINANCIAL STATEMENTS

**CITY OF GULF BREEZE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Exhibit I

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Capital Trust Agency and Subsidiary
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,063,866	\$ 9,956,267	\$ 16,020,133	\$ 4,295,229
Investments	1,297,901	10,456,754	11,754,655	-
Receivables, net	416,532	1,956,453	2,372,985	67,642
Interfund receivables (payables)	1,707,000	(1,707,000)	-	-
Due from other governments	485,285	1,497,180	1,982,465	-
Note receivable from joint venture	-	-	-	-
Prepaid items	5,700	-	5,700	-
Inventory, at cost	13,233	308,923	322,156	-
Restricted assets				
Cash and cash equivalents	17,246,318	2,620,807	19,867,125	-
Total current assets	<u>27,235,835</u>	<u>25,089,384</u>	<u>52,325,219</u>	<u>4,362,871</u>
Non-Current Assets:				
Restricted assets				
Cash and cash equivalents	-	57,411	57,411	-
Other assets				
Investment in limited liability company	-	21,766	21,766	-
Bond issuance costs, net	64,284	25,316	89,600	-
Investment in joint venture	-	4,764,596	4,764,596	-
Advance to joint venture	-	226,272	226,272	-
Note receivable from joint venture	-	-	-	-
Net pension asset	1,257,753	-	1,257,753	-
Capital assets				
Non-depreciable	3,794,825	4,861,057	8,655,882	-
Depreciable	16,195,261	19,152,712	35,347,973	-
Total non-current assets	<u>21,312,123</u>	<u>29,109,130</u>	<u>50,421,253</u>	<u>-</u>
Total Assets	<u>48,547,958</u>	<u>54,198,514</u>	<u>102,746,472</u>	<u>4,362,871</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	1,217,313	-	1,217,313	-
Total Assets and Deferred Outflows	<u>\$ 49,765,271</u>	<u>\$ 54,198,514</u>	<u>\$ 103,963,785</u>	<u>\$ 4,362,871</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 643,170	\$ 549,283	\$ 1,192,453	\$ 14,967
Accrued liabilities	155,565	391,448	547,013	-
Accrued interest	-	156,559	156,559	-
Deferred revenue	1,727,945	-	1,727,945	77,309
Due to other governments	24,568	846	25,414	27,142
Compensated absences	45,213	29,008	74,221	-
Notes payable	-	150,282	150,282	-
State revolving loan payable	-	72,835	72,835	-
Revenue bonds payable	579,056	433,985	1,013,041	-
Capital lease payable	-	442,721	442,721	-
Payable from restricted assets				
Accrued interest	205,186	26,903	232,089	-
Customer deposits	-	1,028,308	1,028,308	-
Revenue bonds payable	255,200	-	255,200	-
Total current liabilities	<u>3,635,903</u>	<u>3,282,178</u>	<u>6,918,081</u>	<u>119,418</u>
Non-current liabilities:				
Compensated absences	292,245	178,194	470,439	-
Notes payable	-	1,367,144	1,367,144	-
State revolving loan payable	-	580,036	580,036	-
Revenue bonds payable	21,092,719	6,980,525	28,073,244	-
Capital lease payable	-	1,634,767	1,634,767	-
Net pension liability	110,286	-	110,286	-
Net other postemployment benefits (OPEB) liability	63,722	55,629	119,351	-
Total non-current liabilities	<u>21,558,972</u>	<u>10,796,295</u>	<u>32,355,267</u>	<u>-</u>
Total Liabilities	<u>25,194,875</u>	<u>14,078,473</u>	<u>39,273,348</u>	<u>119,418</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	2,115,795	-	2,115,795	-
NET POSITION				
Net investment in capital assets	8,760,611	12,351,474	21,112,085	-
Restricted for:				
Public safety	178,700	-	178,700	-
Community redevelopment	13,053,890	-	13,053,890	-
Debt service and other debt requirements	208,778	27,270	236,048	-
Infrastructure	697,118	-	697,118	-
DEP-required capital improvement	-	1,500,000	1,500,000	-
Unrestricted:				
Unassigned	(444,496)	26,241,297	25,796,801	4,243,453
Total Net Position	<u>22,454,601</u>	<u>40,120,041</u>	<u>62,574,642</u>	<u>4,243,453</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 49,765,271</u>	<u>\$ 54,198,514</u>	<u>\$ 103,963,785</u>	<u>\$ 4,362,871</u>

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

**CITY OF GULF BREEZE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

Exhibit II

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Capital Trust Agency and Subsidiary
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Functions:								
Governmental:								
General government	\$ 3,587,040	\$ 1,070,061	\$ 4,877,072	\$ -	\$ 2,360,093	\$ -	\$ 2,360,093	
Public safety	3,744,458	496,025	263,295	-	(2,985,138)	-	(2,985,138)	
Transportation	487,809	-	-	-	(487,809)	-	(487,809)	
Economic environment	498,279	-	-	-	(498,279)	-	(498,279)	
Culture and recreation	2,773,276	245,115	14,000	-	(2,514,161)	-	(2,514,161)	
Debt service interest	494,550	-	-	-	(494,550)	-	(494,550)	
Total governmental activities	<u>11,585,412</u>	<u>1,811,201</u>	<u>5,154,367</u>	<u>-</u>	<u>(4,619,844)</u>	<u>-</u>	<u>(4,619,844)</u>	
Business-type:								
Water and sewer	2,476,116	3,366,742	-	26,403	-	917,029	917,029	
Natural gas	2,809,930	3,263,937	-	4,081	-	458,088	458,088	
South Santa Rosa Utility	9,189,527	7,707,805	-	2,748,443	-	1,266,721	1,266,721	
Solid waste control	877,883	897,248	-	-	-	19,365	19,365	
Gulf Breeze Financial Services	180,558	49,550	-	-	-	(131,008)	(131,008)	
Innerarity Point	26,041	37,072	-	-	-	11,031	11,031	
Total business-type activities	<u>15,560,055</u>	<u>15,322,354</u>	<u>-</u>	<u>2,778,927</u>	<u>-</u>	<u>2,541,226</u>	<u>2,541,226</u>	
Total primary government	<u>\$ 27,145,467</u>	<u>\$ 17,133,555</u>	<u>\$ 5,154,367</u>	<u>\$ 2,778,927</u>	<u>(4,619,844)</u>	<u>2,541,226</u>	<u>(2,078,618)</u>	
Capital Trust Agency and subsidiary	<u>\$ 3,461,488</u>	<u>\$ 2,107,232</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (1,354,256)</u>
General Revenues:								
Taxes								
Property taxes					2,643,304	-	2,643,304	-
Tourist development taxes					733,718	-	733,718	-
Fuel taxes					247,259	-	247,259	-
Franchise taxes					691,831	-	691,831	-
Communication service taxes					376,875	-	376,875	-
Utility service taxes					1,028,926	-	1,028,926	-
Intergovernmental, unrestricted					1,112,397	-	1,112,397	-
Gain from sale of capital assets					25,887	1,388,596	1,414,483	-
Miscellaneous					132,021	237,946	369,967	-
Unrestricted investment earnings					21,046	421,605	442,651	3,305
Total general revenues					<u>7,013,264</u>	<u>2,048,147</u>	<u>9,061,411</u>	<u>3,305</u>
Transfers					739,791	(739,791)	-	-
Change in net position					3,133,211	3,849,582	6,982,793	(1,350,951)
Net position at beginning of year					17,051,228	38,540,621	55,591,849	5,594,404
Reclassification					2,270,162	(2,270,162)	-	-
					<u>19,321,390</u>	<u>36,270,459</u>	<u>55,591,849</u>	<u>-</u>
Net position at end of year					<u>\$ 22,454,601</u>	<u>\$ 40,120,041</u>	<u>\$ 62,574,642</u>	<u>\$ 4,243,453</u>

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

**CITY OF GULF BREEZE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

Exhibit III - A

	General	Urban Core Redevelopment	Stormwater	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,775,763	\$ -	\$ 4,191,326	\$ 96,777	\$ 6,063,866
Investments	1,297,901	-	-	-	1,297,901
Receivables, net	330,787	-	77,603	8,142	416,532
Interfund receivables	2,207,649	-	-	29,727	2,237,376
Due from other governments	82,608	11,536	104,392	286,749	485,285
Prepaid items	5,700	-	-	-	5,700
Inventory, at cost	7,114	-	6,119	-	13,233
Restricted assets					
Cash and cash equivalents	4,262,085	12,171,842	96,208	716,183	17,246,318
Total Assets	\$ 9,969,607	\$ 12,183,378	\$ 4,475,648	\$ 1,137,578	\$ 27,766,211
LIABILITIES					
Accounts payable	\$ 256,879	\$ 29,716	\$ 322,169	\$ 34,406	\$ 643,170
Accrued liabilities	147,966	900	6,527	172	155,565
Deferred revenue	1,727,945	-	-	-	1,727,945
Interfund payables	30,376	-	500,000	-	530,376
Due to other governments	-	-	-	24,568	24,568
Total Liabilities	2,163,166	30,616	828,696	59,146	3,081,624
FUND BALANCES					
Non-spendable					
Inventory	7,114	-	6,119	-	13,233
Prepaid items	5,700	-	-	-	5,700
Restricted					
Public safety	-	-	-	178,700	178,700
Community redevelopment	-	12,152,762	-	901,128	13,053,890
Debt service	208,778	-	-	-	208,778
Infrastructure	697,118	-	-	-	697,118
Committed					
Community funds	437	-	-	-	437
Self-insurance	250,000	-	-	-	250,000
Beautification	13,399	-	-	-	13,399
Parks subdivision	24,481	-	-	-	24,481
Assigned					
Disaster recovery	100,000	-	-	-	100,000
Public safety	15,993	-	-	(1,396)	14,597
Unassigned	6,483,421	-	3,640,833	-	10,124,254
Total Fund Balances	7,806,441	12,152,762	3,646,952	1,078,432	24,684,587
Total Liabilities and Fund Balances	\$ 9,969,607	\$ 12,183,378	\$ 4,475,648	\$ 1,137,578	\$ 27,766,211

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
SEPTEMBER 30, 2021

Exhibit III - B

Fund Balances - Total Governmental Funds (page 29) \$ 24,684,587

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. 64,284

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental non-depreciable assets	3,794,825	
Governmental depreciable assets	45,399,362	
Less accumulated depreciation	<u>(29,204,101)</u>	19,990,086

The net pension asset reported in governmental activities is not a financial resource and therefore is not reported in the governmental funds. 1,257,753

Deferred outflows related to pensions are not financial resources and therefore are not reported in the governmental funds. 1,217,313

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Revenue bonds payable	(21,926,975)	
Accrued interest	(205,186)	
Compensated absences	(337,458)	
Net pension liability	(110,286)	
Net other postemployment benefits (OPEB) liability	<u>(63,722)</u>	(22,643,627)

Deferred inflows related to pensions are not financial resources and therefore are not reported in the governmental funds. (2,115,795)

Total Net Position - Governmental Activities (page 25) \$ 22,454,601

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
YEAR ENDED SEPTEMBER 30, 2021

Exhibit IV - A

	General	Urban Core Redevelopment	Stormwater	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,548,459	\$ 1,192,477	\$ 247,259	\$ 733,718	\$ 5,721,913
Licenses and permits	82,450	-	-	-	82,450
Intergovernmental	2,669,459	49,464	828,637	19,204	3,566,764
Charges for services	745,932	-	486,794	-	1,232,726
Fines and forfeitures	40,989	-	-	455,036	496,025
Investment earnings	21,018	-	-	28	21,046
Contribution from component unit	1,000,000	-	1,700,000	-	2,700,000
Miscellaneous	92,082	10,124	28,685	1,130	132,021
Total revenues	<u>8,200,389</u>	<u>1,252,065</u>	<u>3,291,375</u>	<u>1,209,116</u>	<u>13,952,945</u>
Expenditures:					
Current					
General government	2,297,800	441,839	607,028	3,731	3,350,398
Public safety	3,098,651	-	-	307,446	3,406,097
Transportation	-	-	482,809	-	482,809
Economic environment	322,636	-	-	-	322,636
Culture and recreation	2,026,590	-	-	37,163	2,063,753
Capital outlay	385,731	116,273	1,601,530	24,559	2,128,093
Debt service					
Principal	241,472	-	129,580	-	371,052
Interest	308,296	18,435	158,686	-	485,417
Total expenditures	<u>8,681,176</u>	<u>576,547</u>	<u>2,979,633</u>	<u>372,899</u>	<u>12,610,255</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(480,787)</u>	<u>675,518</u>	<u>311,742</u>	<u>836,217</u>	<u>1,342,690</u>
Other Financing					
Sources (Uses):					
Gain from sale of capital assets	25,887	-	-	-	25,887
Proceeds from long-term debt	-	10,700,000	1,300,000	-	12,000,000
Transfers in	1,590,783	-	1,724,797	-	3,315,580
Transfers out	(1,754,393)	(376,395)	(117,101)	(327,900)	(2,575,789)
Total other financing sources (uses)	<u>(137,723)</u>	<u>10,323,605</u>	<u>2,907,696</u>	<u>(327,900)</u>	<u>12,765,678</u>
Net change in fund balances	(618,510)	10,999,123	3,219,438	508,317	14,108,368
Fund Balances:					
Beginning of year	8,424,951	1,153,639	-	570,115	10,148,705
Reclassification	-	-	427,514	-	427,514
End of year	<u>\$ 7,806,441</u>	<u>\$ 12,152,762</u>	<u>\$ 3,646,952</u>	<u>\$ 1,078,432</u>	<u>\$ 24,684,587</u>

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
YEAR ENDED SEPTEMBER 30, 2021

Exhibit IV - B

Net change in fund balances - governmental funds (page 31) \$ 14,108,368

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

Governmental funds report bond issuance costs as expenditures. However, in the statement of activities, the cost of those assets is amortized over the term of the bond.

30,613

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated lives. The net effect of various miscellaneous transactions involving capital assets, including disposal, which decrease net position, are not reported in the governmental funds.

Expenditures for capital assets	2,128,093	
Less current year depreciation	<u>(1,767,725)</u>	360,368

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Proceeds from long-term debt	(12,000,000)	
Debt principal payments	371,052	
Change in accrued interest expense	<u>(34,132)</u>	(11,663,080)

Amortization of bond discounts, 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.

(1,590)

Amortization of 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.

(4,024)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences		(1,265)
--	--	---------

Governmental funds do not recognize expenditures for the change in the net pension liability from year to year.

Change in Florida Retirement System net pension liability	108,060	
Change in Health Insurance Subsidy Program net pension liability	24,992	
Change in Florida Municipal Pension Trust Fund net pension asset	<u>175,000</u>	308,052

Governmental funds do not recognize expenditures for the change in the net other postemployment benefits liability from year to year.

(4,231)

Change in Net Position - Governmental Activities (page 26) \$ 3,133,211

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

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021

Exhibit V

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 3,725,476	\$ 3,785,476	\$ 3,548,459	\$ (237,017)
Licenses and permits	80,100	80,100	82,450	2,350
Intergovernmental	611,758	1,815,092	2,669,459	854,367
Charges for services	723,420	723,420	745,932	22,512
Fines and forfeitures	68,400	68,400	40,989	(27,411)
Investment earnings	58,500	58,500	21,018	(37,482)
Contribution from component unit	1,000,000	1,000,000	1,000,000	-
Miscellaneous	47,000	56,932	92,082	35,150
Total revenues	6,314,654	7,587,920	8,200,389	612,469
Expenditures:				
Current				
General government	1,573,589	2,500,217	2,297,800	202,417
Public safety	3,027,159	3,032,159	3,098,651	(66,492)
Economic environment	341,494	348,234	322,636	25,598
Culture and recreation	1,474,070	2,029,908	2,026,590	3,318
Capital outlay	511,236	603,177	385,731	217,446
Debt service				
Principal	246,224	246,224	241,472	4,752
Interest	314,780	314,780	308,296	6,484
Total expenditures	7,488,552	9,074,699	8,681,176	393,523
Deficiency of revenues under expenditures	(1,173,898)	(1,486,779)	(480,787)	1,005,992
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	25,887	25,887
Transfers in	1,590,783	1,590,783	1,590,783	-
Transfers out	(1,754,393)	(1,754,393)	(1,754,393)	-
Total other financing uses	(163,610)	(163,610)	(137,723)	25,887
Appropriation of Fund Balance	1,337,508	1,599,331	-	(1,599,331)
Net change in fund balance	\$ -	\$ (51,058)	(618,510)	\$ (567,452)
Fund Balance:				
Beginning of year			8,424,951	
End of year			\$ 7,806,441	

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

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
URBAN CORE REDEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2021

Exhibit VI

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 1,192,477	\$ 1,192,477
Intergovernmental	22,830	22,830	49,464	26,634
Miscellaneous	-	-	10,124	10,124
Total revenues	22,830	22,830	1,252,065	1,229,235
Expenditures:				
Current				
Culture and recreation	948,176	960,563	441,839	518,724
Capital outlay	464,590	928,034	116,273	811,761
Debt service				
Interest	-	-	18,435	(18,435)
Total expenditures	1,412,766	1,888,597	576,547	1,312,050
Excess (Deficiency) of revenues over (under) expenditures	(1,389,936)	(1,865,767)	675,518	2,541,285
Other Financing Sources (Uses):				
Proceeds from long-term debt	-	-	10,700,000	10,700,000
Transfers in	1,766,331	1,766,331	-	(1,766,331)
Transfers out	(376,395)	(376,395)	(376,395)	-
Total other financing sources	1,389,936	1,389,936	10,323,605	8,933,669
Appropriation of Fund Balance	-	110,830	-	(110,830)
Net change in fund balance	\$ -	\$ (365,001)	10,999,123	\$ 11,364,124
Fund Balance:				
Beginning of year			1,153,639	
End of year			\$ 12,152,762	

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

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STORMWATER MANAGEMENT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2021

Exhibit VII

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 501,182	\$ 501,182	\$ 247,259	\$ (253,923)
Intergovernmental	967,305	967,305	828,637	(138,668)
Charges for services	485,757	485,757	486,794	1,037
Contribution from component unit	1,700,000	1,700,000	1,700,000	-
Miscellaneous	19,432	19,432	28,685	9,253
Total revenues	3,673,676	3,673,676	3,291,375	(382,301)
Expenditures:				
Current				
General government	262,197	538,597	607,028	(68,431)
Transportation	1,760,683	2,473,847	482,809	1,991,038
Capital outlay	2,898,679	4,130,236	1,601,530	2,528,706
Debt service				
Principal	124,652	124,652	129,580	(4,928)
Interest	128,967	128,967	158,686	(29,719)
Total expenditures	5,175,178	7,396,299	2,979,633	4,416,666
Deficiency of revenues under expenditures	(1,501,502)	(3,722,623)	311,742	4,034,365
Other Financing Sources (Uses):				
Proceeds from long-term debt	-	-	1,300,000	1,300,000
Transfers in	1,724,797	1,724,797	1,724,797	-
Transfers out	(117,101)	(117,101)	(117,101)	-
Total other financing sources	1,607,696	1,607,696	2,907,696	1,300,000
Appropriation of Fund Balance	(106,194)	2,114,927	-	(2,114,927)
Net change in fund balance	\$ -	\$ -	3,219,438	\$ 3,219,438
Fund Balance:				
Beginning of year			-	
Reclassification			427,514	
End of year			\$ 3,646,952	

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

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2021

Exhibit VIII

	Water & Sewer Fund	Natural Gas Fund	South Santa Rosa Utility	Stormwater Management	Gulf Breeze Financial Services	Non-Major Proprietary Funds	Total Proprietary Funds
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 51,703	\$ 110,194	\$ 7,966,217	\$ -	\$ 253,126	\$ 75,027	\$ 8,456,267
Designated cash	-	-	1,500,000	-	-	-	1,500,000
Investments	-	-	70,355	-	10,386,399	-	10,456,754
Receivables, net	530,879	384,930	912,821	-	3,958	123,865	1,956,453
Interfund receivables	-	-	583,219	-	-	-	583,219
Due from other governments	-	587,323	877,315	-	27,142	5,400	1,497,180
Inventory, at cost	18,745	223,815	66,363	-	-	-	308,923
Restricted assets							
Cash and cash equivalents	331,224	280,702	1,996,856	-	-	12,025	2,620,807
Total current assets	<u>932,551</u>	<u>1,586,964</u>	<u>13,973,146</u>	<u>-</u>	<u>10,670,625</u>	<u>216,317</u>	<u>27,379,603</u>
Non-Current Assets:							
Investment in limited liability company	-	-	-	-	21,766	-	21,766
Restricted assets							
Cash and cash equivalents	-	-	57,411	-	-	-	57,411
Total restricted assets	<u>-</u>	<u>-</u>	<u>57,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,411</u>
Capital assets, net							
Land	-	-	2,663,827	-	-	-	2,663,827
Construction in progress	48,208	316,639	1,832,383	-	-	-	2,197,230
Buildings	-	117,091	236,702	-	-	-	353,793
Improvements other than building	29,984	199,650	6,142,494	-	38,847	-	6,410,975
Infrastructure	1,196,255	2,174,760	8,067,500	-	-	-	11,438,515
Machinery and equipment	218,275	261,373	463,036	-	6,745	-	949,429
Total capital assets	<u>1,492,722</u>	<u>3,069,513</u>	<u>19,405,942</u>	<u>-</u>	<u>45,592</u>	<u>-</u>	<u>24,013,769</u>
Bond issuance costs, net	-	-	25,316	-	-	-	25,316
Investment in joint venture	2,429,944	-	2,334,652	-	-	-	4,764,596
Advance to joint venture	115,399	-	110,873	-	-	-	226,272
Total other assets	<u>2,545,343</u>	<u>-</u>	<u>2,470,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,016,184</u>
Total non-current assets	<u>4,038,065</u>	<u>3,069,513</u>	<u>21,934,194</u>	<u>-</u>	<u>67,358</u>	<u>-</u>	<u>29,109,130</u>
Total Assets	<u>4,970,616</u>	<u>4,656,477</u>	<u>35,907,340</u>	<u>-</u>	<u>10,737,983</u>	<u>216,317</u>	<u>56,488,733</u>
Total Assets	<u>\$ 4,970,616</u>	<u>\$ 4,656,477</u>	<u>\$ 35,907,340</u>	<u>\$ -</u>	<u>\$ 10,737,983</u>	<u>\$ 216,317</u>	<u>\$ 56,488,733</u>

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

Exhibit VIII

	Water & Sewer Fund	Natural Gas Fund	South Santa Rosa Utility	Stormwater Management	Gulf Breeze Financial Services	Non-Major Proprietary Funds	Total Proprietary Funds
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Accounts payable	\$ 29,486	\$ 147,749	\$ 253,587	\$ -	\$ 21,145	\$ 97,316	\$ 549,283
Accrued liabilities	22,680	42,208	319,306	-	-	7,254	391,448
Accrued interest	-	-	156,559	-	-	-	156,559
Interfund payables	583,219	1,000,000	-	-	654,000	53,000	2,290,219
Due to other governments	-	-	-	-	-	846	846
Payable from restricted assets							
Accrued interest	14,508	12,395	-	-	-	-	26,903
Customer deposits	254,957	294,647	466,679	-	-	12,025	1,028,308
Revenue bonds payable	34,800	-	-	-	-	-	34,800
Compensated absences	4,898	7,886	15,271	-	-	953	29,008
Notes payable	-	64,608	85,674	-	-	-	150,282
State revolving loan payable	-	-	72,835	-	-	-	72,835
Revenue bonds payable	-	-	399,185	-	-	-	399,185
Capital lease payable	-	-	442,721.00	-	-	-	442,721
Total current liabilities	<u>944,548</u>	<u>1,569,493</u>	<u>2,211,817</u>	<u>-</u>	<u>675,145</u>	<u>171,394</u>	<u>5,572,397</u>
Non-Current Liabilities:							
Compensated absences	30,089	48,448	93,809	-	-	5,848	178,194
Notes payable	-	587,755	779,389	-	-	-	1,367,144
State revolving loan payable	-	-	580,036	-	-	-	580,036
Revenue bonds payable	846,600	-	6,133,925	-	-	-	6,980,525
Capital lease payable	-	-	1,634,767	-	-	-	1,634,767
Net other postemployment benefits liability	7,080	16,183	31,355	-	-	1,011	55,629
Total non-current liabilities	<u>883,769</u>	<u>652,386</u>	<u>9,253,281</u>	<u>-</u>	<u>-</u>	<u>6,859</u>	<u>10,796,295</u>
Total Liabilities	<u>1,828,317</u>	<u>2,221,879</u>	<u>11,465,098</u>	<u>-</u>	<u>675,145</u>	<u>178,253</u>	<u>16,368,692</u>
Net Position:							
Net investment in capital assets	611,322	2,417,150	9,277,410	-	45,592	-	12,351,474
Restricted							
Debt service and other debt requirements	27,270	-	-	-	-	-	27,270
DEP-required capital improvement	-	-	1,500,000	-	-	-	1,500,000
Unrestricted	<u>2,503,707</u>	<u>17,448</u>	<u>13,664,832</u>	<u>-</u>	<u>10,017,246</u>	<u>38,064</u>	<u>26,241,297</u>
Total net position	<u>3,142,299</u>	<u>2,434,598</u>	<u>24,442,242</u>	<u>-</u>	<u>10,062,838</u>	<u>38,064</u>	<u>40,120,041</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 4,970,616</u>	<u>\$ 4,656,477</u>	<u>\$ 35,907,340</u>	<u>\$ -</u>	<u>\$ 10,737,983</u>	<u>\$ 216,317</u>	<u>\$ 56,488,733</u>

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

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

Exhibit IX

	Water & Sewer Fund	Natural Gas Fund	South Santa Rosa Utility	Stormwater Management	Gulf Breeze Financial Services	Non-Major Proprietary Funds	Total Proprietary Funds
Operating Revenue:							
Charges for services							
Utilities	\$ 3,071,145	\$ 3,263,937	\$ 6,790,214	\$ -	\$ -	\$ 934,320	\$ 14,059,616
Golf course	-	-	633,586	-	-	-	633,586
Financial services	-	-	-	-	49,550	-	49,550
Total charges for services	<u>3,071,145</u>	<u>3,263,937</u>	<u>7,423,800</u>	<u>-</u>	<u>49,550</u>	<u>934,320</u>	<u>14,742,752</u>
Operating Expenses:							
Personal services	767,974	1,121,422	2,511,769	-	82,095	215,792	4,699,052
Contractual services	684,145	900,657	929,945	-	-	671,434	3,186,181
Insurance	-	1,245	2,968	-	-	-	4,213
Supplies	219,716	302,066	864,833	-	-	1,026	1,387,641
Professional services	48,261	48,481	502,447	-	62,863	8,871	670,923
Repairs and maintenance	382,635	36,530	847,584	-	-	4,826	1,271,575
Office and utilities	103,400	48,034	823,643	-	9,735	1,975	986,787
Depreciation and amortization	219,171	332,396	2,015,829	-	7,865	-	2,575,261
Total operating expenses	<u>2,425,302</u>	<u>2,790,831</u>	<u>8,499,018</u>	<u>-</u>	<u>162,558</u>	<u>903,924</u>	<u>14,781,633</u>
Operating income (loss)	<u>645,843</u>	<u>473,106</u>	<u>(1,075,218)</u>	<u>-</u>	<u>(113,008)</u>	<u>30,396</u>	<u>(38,881)</u>
Non-Operating Revenue (Expenses):							
Investment earnings	3,991	-	7,035	-	408,343	-	419,369
Interest income from primary government	-	-	-	-	2,236	-	2,236
Interest expense	(42,972)	(19,099)	(382,964)	-	(18,000)	-	(463,035)
Income from joint venture	295,597	-	284,005	-	-	-	579,602
Grant income	-	-	362,204	-	-	-	362,204
Settlement	(7,842)	-	(307,545)	-	-	-	(315,387)
Miscellaneous	37,884	58,781	138,430	-	-	2,851	237,946
Gain from sale of capital assets	-	-	1,388,596	-	-	-	1,388,596
Total non-operating revenue (expenses)	<u>286,658</u>	<u>39,682</u>	<u>1,489,761</u>	<u>-</u>	<u>392,579</u>	<u>2,851</u>	<u>2,211,531</u>
Income (Loss) Before Transfers and Capital Contributions	<u>932,501</u>	<u>512,788</u>	<u>414,543</u>	<u>-</u>	<u>279,571</u>	<u>33,247</u>	<u>2,172,650</u>
Transfers and Capital Contributions:							
Transfers in	-	-	411,092	-	-	-	411,092
Transfers out	(320,639)	(241,590)	(401,153)	-	(136,198)	(51,303)	(1,150,883)
Capital contributions	26,403	4,081	2,386,239	-	-	-	2,416,723
Total transfers and capital contributions	<u>(294,236)</u>	<u>(237,509)</u>	<u>2,396,178</u>	<u>-</u>	<u>(136,198)</u>	<u>(51,303)</u>	<u>1,676,932</u>
Changes in net position	638,265	275,279	2,810,721	-	143,373	(18,056)	3,849,582
Net position at beginning of year	<u>2,504,034</u>	<u>2,159,319</u>	<u>21,631,521</u>	<u>2,270,162</u>	<u>9,919,465</u>	<u>56,120</u>	<u>38,540,621</u>
Reclassification	-	-	-	(2,270,162)	-	-	(2,270,162)
Net position at end of year	<u>\$ 3,142,299</u>	<u>\$ 2,434,598</u>	<u>\$ 24,442,242</u>	<u>\$ -</u>	<u>\$ 10,062,838</u>	<u>\$ 38,064</u>	<u>\$ 40,120,041</u>

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

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**CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021**

Exhibit X

	Water & Sewer Fund	Natural Gas Fund	South Santa Rosa Utility	Gulf Breeze Financial Services	Non-Major Proprietary Funds	Total Proprietary Funds
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 2,920,709	\$ 3,236,724	\$ 8,091,326	\$ 49,550	\$ 896,458	\$ 15,194,767
Payments from (to) other funds	-	(500,000)	(1,178,469)	142,872	-	(1,535,597)
Payments to suppliers and providers	(1,535,210)	(1,396,424)	(4,669,778)	(235,444)	(681,646)	(8,518,502)
Payments to employees	(781,031)	(1,101,990)	(2,585,640)	(82,095)	(213,844)	(4,764,600)
Net cash provided by (used in) operating activities	<u>604,468</u>	<u>238,310</u>	<u>(342,561)</u>	<u>(125,117)</u>	<u>968</u>	<u>376,068</u>
Cash Flows from Non-Capital Financing Activities:						
Payments received from primary government on note receivable	-	-	-	28,469	-	28,469
Transfers in	-	-	274,894	-	-	274,894
Transfers out	(320,639)	(241,590)	(401,153)	-	(51,303)	(1,014,685)
Net cash provided by (used in) non-capital financing activities	<u>(320,639)</u>	<u>(241,590)</u>	<u>(126,259)</u>	<u>28,469</u>	<u>(51,303)</u>	<u>(711,322)</u>
Cash Flows from Capital and Related Financing Activities:						
Proceeds from sale of capital assets	-	-	4,472,610	-	-	4,472,610
Proceeds from issuance of bonds payable	-	-	-	-	-	-
Acquisition and construction of capital assets	(171,772)	(276,430)	(929,050)	-	-	(1,377,252)
Principal paid on notes payable	-	(63,089)	(83,659)	-	-	(146,748)
Principal paid on bonds payable	(33,600)	-	(706,536)	-	-	(740,136)
Principal paid on state revolving loan	-	-	(23,552)	-	-	(23,552)
Principal paid on capital leases	-	-	(399,285)	-	-	(399,285)
Interest paid on long-term debt	(42,972)	(6,704)	(377,338)	-	-	(427,014)
Capital contributions and grants	26,403	4,081	2,386,239	-	-	2,416,723
Net cash provided by (used in) capital and related financing activities	<u>(221,941)</u>	<u>(342,142)</u>	<u>4,339,429</u>	<u>-</u>	<u>-</u>	<u>3,775,346</u>
Cash Flows from Investing Activities:						
Purchases of investments	-	-	-	(3,166,190)	-	(3,166,190)
Proceeds from sale of investments	-	-	-	2,462,823	-	2,462,823
Interest on note receivable from primary government	-	-	-	2,236	-	2,236
Loss from investment in limited liability company	-	-	-	(225)	-	(225)
Principal repayment from joint venture	40,225	-	47,220	-	-	87,445
Interest income	3,991	-	7,030	253,723	-	264,744
Net cash provided by investing activities	<u>44,216</u>	<u>-</u>	<u>54,250</u>	<u>(447,633)</u>	<u>-</u>	<u>(349,167)</u>
Net Change in Cash and Cash Equivalents	106,104	(345,422)	3,924,859	(544,281)	(50,335)	3,090,925
Cash and Cash Equivalents - Beginning of the Year	<u>276,823</u>	<u>736,318</u>	<u>7,595,625</u>	<u>797,407</u>	<u>137,387</u>	<u>9,543,560</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 382,927</u>	<u>\$ 390,896</u>	<u>\$ 11,520,484</u>	<u>\$ 253,126</u>	<u>\$ 87,052</u>	<u>\$ 12,634,485</u>
Displayed As:						
Cash and cash equivalents	\$ 51,703	\$ 110,194	\$ 7,966,217	\$ 253,126	\$ 75,027	\$ 8,456,267
Current - Restricted cash and cash equivalents	331,224	280,702	3,496,856	-	12,025	4,120,807
Non-current - Restricted cash and cash equivalents	-	-	57,411	-	-	57,411
	<u>\$ 382,927</u>	<u>\$ 390,896</u>	<u>\$ 11,520,484</u>	<u>\$ 253,126</u>	<u>\$ 87,052</u>	<u>\$ 12,634,485</u>

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

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021
(Continued)

Exhibit X

	Water & Sewer Fund	Natural Gas Fund	South Santa Rosa Utility	Gulf Breeze Financial Services	Non-Major Proprietary Funds	Total Proprietary Funds
Reconciliation of Operating Income						
(Loss) to Net Cash Provided by						
(Used in) Operating Activities:						
Operating income (loss)	\$ 645,843	\$ 473,106	\$ (1,075,218)	\$ (113,008)	\$ 30,396	\$ (38,881)
Adjustments to reconcile operating						
income (loss) to net cash						
provided by (used in) operating activities -						
Depreciation and						
amortization expense	219,171	332,396	2,015,829	7,865	-	2,575,261
Miscellaneous income	37,884	58,781	138,430	-	2,851	237,946
Grant revenue	-	-	362,204	-	-	362,204
Settlement	(7,842)	-	(307,545)	-	-	(315,387)
Changes in operating assets						
and liabilities:						
Receivables	(188,320)	(85,994)	190,643	-	(35,313)	(118,984)
Due from other governments	-	-	-	-	(5,400)	(5,400)
Inventory, at cost	2,571	16,000	29,583	-	-	48,154
Accounts payable	(92,127)	(84,789)	(695,371)	(162,846)	6,486	(1,028,647)
Accrued liabilities	(6,850)	3,348	212,319	-	1,454	210,271
Interfund payables	-	(500,000)	(1,178,469)	142,872	-	(1,535,597)
Customer deposits	345	13,945	21,375	-	-	35,665
Unearned revenue	-	-	(23,751)	-	-	(23,751)
Compensated absences	(7,025)	10,990	(32,634)	-	527	(28,142)
Net pension liability	-	-	-	-	-	-
Net OPEB liability	818	527	44	-	(33)	1,356
Total adjustments	<u>(41,375)</u>	<u>(234,796)</u>	<u>732,657</u>	<u>(12,109)</u>	<u>(29,428)</u>	<u>414,949</u>
Net Cash Provided By (Used in)						
Operating Activities	<u>\$ 604,468</u>	<u>\$ 238,310</u>	<u>\$ (342,561)</u>	<u>\$ (125,117)</u>	<u>\$ 968</u>	<u>\$ 376,068</u>
Supplemental Schedule of Noncash Capital						
and Related Financing Activities						
Change in fair value of investment						
in joint venture						
	<u>\$ 295,597</u>	<u>\$ -</u>	<u>\$ 284,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,602</u>
Acquisition of capital assets						
contributed						
	<u>\$ -</u>	<u>\$ 128,129</u>	<u>\$ 71,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,536</u>
Note satisfied through transfer						
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,198</u>	<u>\$ (136,198)</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
SEPTEMBER 30, 2021

Exhibit XI

	<u>Police Officers' Retirement Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 6,248
Investments:		
Equity Mutual Funds	7,194,151	-
Total Assets	<u>7,194,151</u>	<u>6,248</u>
LIABILITIES		
Due to others	<u>-</u>	<u>6,248</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 7,194,151</u>	<u>\$ -</u>

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
YEAR ENDED SEPTEMBER 30, 2021

Exhibit XII

	Police Officers' Retirement Fund
ADDITIONS:	
Contributions	
Employer	\$ 292,425
Plan members	38,490
State of Florida	78,422
Total contributions	409,337
Investment income	1,121,474
Less investment expense	(12,707)
Net investment income	1,108,767
Total additions	1,518,104
DEDUCTIONS:	
Benefits and refunds paid to plan members and beneficiaries	52,788
Administrative expenses	10,603
Total deductions	63,391
NET INCREASE	1,454,713
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	5,739,438
End of year	\$ 7,194,151

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

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CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 following is a summary of the more significant accounting policies of the City:

A. 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, 2021, the City of Gulf Breeze had three 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., and Capital Trust Agency, Inc. and Subsidiary.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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.

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 \$1,000,000 in miscellaneous revenues during the fiscal year ending September 30, 2021. 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.

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.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Conduit Debt (Continued)

- \$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.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on charges and fees for support. Likewise, the primary government is reported separately from the 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 or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Some centralized expenses, to include an administrative overhead component, are included in fund direct expenses. 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 or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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

C. Measurement Focus and Basis of Accounting

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

Agency funds do not have a measurement focus, as they only report assets and liabilities; however, agency funds do use the accrual basis of accounting to recognize receivables and payables.

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for certain grant revenues which are recognized as revenues in the same period in which the grant expenditures occurred. 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.

Franchise taxes, licenses, and interest associated with the current fiscal period have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current fiscal period is revenue of the current period. Sales taxes, gasoline taxes, and other intergovernmental revenues collected and held by the state at year-end on behalf of the City, are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Lien Date	January 1, 2021
Levy Date	November 1, 2021
Due Date	November 1, 2021
Delinquent Date	April 1, 2021

Discounts of 1% are granted for each month that taxes are paid prior to March 2021.

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 2021 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, 2021.

D. Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 City's enterprise funds are charges to customers for sales and services.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation (Continued)

Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, including tap and impact fees intended to cover the impact of future additional infrastructure costs.

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

The following three broad classifications are used to categorize the fund types used by the City:

Governmental

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The City has the following major governmental funds.

General Fund - This is the City's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Urban Core Redevelopment Fund - This 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.

Stormwater Management Fund - To account for activities associated with managing stormwater. This fund had previously been classified as an enterprise fund in the previous years.

Proprietary

Proprietary funds focus on the determination of net income, financial position, and cash flows. All of the City's proprietary funds are enterprise funds, as fees are charged to external users for services. The following is a description of the major proprietary funds of the City.

Water and Sewer Fund - Used to account for the provision of water and sewer services to the residents of the City and some residents of Santa Rosa County. 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.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation (Continued)

Proprietary (Continued)

Natural Gas Fund - Used to account for the activity associated with providing gas service to the citizens of the City.

South Santa Rosa Utility Fund - Used to account for the operations of the water and sewer system for residents east of Gulf Breeze to Midway and sewage disposal for the residents of the City.

Gulf Breeze Financial Services - 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.

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments. The City has two major fiduciary funds.

Pension Trust Fund - 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.

Agency Funds - Used to account for assets held by the City on behalf of others. The City's agency funds include the Donations Fund, which accounts for contributions for various organizations with the City, and the D.A.R.E. fund, used to account for assets contributed to the Police Department for special projects.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances

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.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances
(Continued)

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.

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:

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances
(Continued)

Deposits and Investments (Continued)

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

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 Receivables and Payables

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as "interfund balances" (i.e., the current portion of interfund loans) or "advances" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund receivables (payables).

Services provided, deemed to be at market, or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

Inventory

Inventory is valued at cost (first-in, first-out). The consumption method is used to account for the inventory. Under the consumption method, inventory items are recorded as expenditures during the period inventory is used. The General Fund balance equal to the inventory amount has been reserved in the fund financial statements to indicate that it is not available for appropriation.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances
(Continued)

Restricted Assets

Certain resources in the City’s General Fund and proprietary funds have been set aside for repayment 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, and infrastructure assets (roads, bridges, curbs and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost more than the following:

Land	\$ > 0
Buildings and improvements	\$ 10,000
Infrastructure	\$ 10,000
Improvements other than buildings	\$ 10,000
Machinery and equipment	\$ 1,000

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

The City chose not to retroactively report infrastructure in accordance with Phase III implementation of GASB Statement No. 34. The City’s infrastructure consists of roads, bridges, curbs and sidewalks, drainage systems, lighting systems, and similar items constructed or improved after 2003.

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.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances
(Continued)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until the completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment and infrastructure assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	39
Infrastructure	20-40
Improvements other than buildings	15-27
Machinery and equipment	3-10

Deferred Outflows and Inflows of Resources

The City has implemented the provisions of GASB Statement Nos. 63 and 65. Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as an acquisition or consumption, respectively, of net assets applicable to a future reporting period. Further, Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. Statement No. 65, *Items Previously Reported As Assets and Liabilities*, reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of the four financial statement elements, (1) deferred outflows of resources, (2) outflows of resources, (3) deferred inflows of resources, and (4) inflows of resources. Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

The City reports increases and decreases in net position that relate to future periods as deferred inflows of resources and deferred outflows of resources, respectively, in a separate section of the statement of net position. The deferred outflows and inflows of resources related to pensions are further discussed in Note 6.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances
(Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan for the Police Officers of the City of Gulf Breeze, FL (Police Pension Plan) and additions to/deductions from the Police Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Police Pension 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.

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.

Non-Current Liabilities

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances
(Continued)

Non-Current Liabilities (Continued)

In the fund financial statements, governmental fund types recognize 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 from refundings received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Classification of Fund Balance

GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are comprised of the following:

- Nonspendable - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaid items, and advances to other funds.
- Restricted - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed - includes fund balance amounts that can be used only for the specific purposes that are internally imposed by a formal action (a Resolution) of the government’s highest level of decision making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action (a Resolution) that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.
- Assigned - includes amounts intended to be used by the government for specific purposes. The City Council by formal vote (or management designee via Council action) has the authority authorized to assign fund balance to a specific purpose. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that the resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances
(Continued)

Classification of Fund Balance (Continued)

- *Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. The City does not have a formal minimum fund balance policy.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Classification of Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* - is intended to reflect the portion of net position which is associated with non-liquid, capital assets, net of related debt.
- *Restricted Net Position* - are liquid assets, generated from revenues and net bond proceeds, which are not accessible for general use because of third-party (statutory, bond covenant or granting agency) limitations.
- *Unrestricted Net Position* – represents unrestricted liquid assets.

F. 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.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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.

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.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. 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.

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 market 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.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments:

As of September 30, 2021, the City had the following investments:

	Weighted Average Maturity (Years)	2021
Money Market Mutual Funds	0.093	\$ 97,007
Florida Municipal Investment Trust	1.50	70,355
Exchange-traded Funds	N/A	1,747,935
Federal Instrumentalities	5.538	5,463,979
Corporate Notes	4.732	1,484,343
State and Local Government Debt	4.957	2,988,043
		<u>11,754,655</u>
Total Investments		<u>\$ 11,851,662</u>

Fair Value Measurements:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents assets carried at fair value at September 30, 2021:

	Level 1	Level 2	Level 3	Total
Money Market Mutual Funds	\$ 97,007	\$	\$	\$ 97,007
Exchange-traded Funds	1,747,935			1,747,935
Federal Instrumentalities		5,463,979		5,463,979
Corporate Notes		1,484,343		1,484,343
State and Local Government Debt		2,988,043		2,988,043
	<u>1,844,942</u>	<u>9,936,365</u>	<u>-</u>	<u>11,781,307</u>
Total Investments	<u>\$ 1,844,942</u>	<u>\$ 9,936,365</u>	<u>\$ -</u>	<u>\$ 11,781,307</u>

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

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurements:

Securities are valued using the following approaches:

Money Market Mutual Funds and Exchange-traded Funds: Valued at the closing price reported on 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.

Interest Rate Risk:

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 ten (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 market value, and securities whose timely payment of principal and interest are fully guaranteed by the foregoing.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued):

- 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.
- 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.

At September 30, 2021, the City’s investments had the following credit quality:

<u>Security Type</u>	<u>Credit Rating</u>	<u>Portfolio Asset Allocation</u>
Money Market Mutual Funds	NR	0.82%
Equity Funds	N/A	14.84%
Federal Instrumentalities	AAA	35.42%
Federal Instrumentalities	AA	10.97%
Corporate Notes	AA	2.71%
Corporate Notes	A	7.51%
Corporate Notes	BBB	2.37%
State and Local Government Debt	AAA	1.34%
State and Local Government Debt	AA	19.81%
State and Local Government Debt	A	4.21%

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued):

The City's investment policy has established asset allocation and issuer limits on the following investments to reduce concentration of credit risk of the entity'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 Investment 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%

Concentration of Credit Risk:

As of September 30, 2021, the City had the following issuer concentrations based on fair value:

	Fair Value	Portfolio Asset Allocation
Money Market Mutual Funds:		
Schwab Government Money Fund	\$ 97,007	0.82%
Equity Funds:		
ALPS Alerian MLP ETF	123,054	1.05%
ISHARES Select Dividend ETF	359,647	3.06%
ISHARES US Utilities ETF	345,284	2.93%
Schwab US Dividend ETF	466,450	3.96%
Vanguard Dividend Appreciation ETF	453,500	3.85%
Federal Instrumentalities:		
Federal Home Loan Bank Notes	922,482	7.84%
Federal Home Loan Mortgage Corporation	1,520,525	12.91%
Federal National Mortgage Association	3,001,355	25.46%
Government National Mortgage Association	19,617	0.17%

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued):

	Fair Value	Portfolio Asset Allocation
Corporate Notes:		
Apple, Inc.	301,651	2.56%
American Express	67,823	0.57%
Bristol Myers Squibb	208,632	1.77%
Exxon Mobil Corporation	37,858	0.32%
J P Morgan Chase	153,664	1.31%
Oracle Corporation	279,593	2.38%
Wal-Mart Stores	298,449	2.54%
Wells Fargo Bank	136,673	1.16%
State and Local Government Debt:		
Antelope Valley Community College District General Obligation Bonds	54,506	0.46%
Bay Area Toll Authority Revenue Bonds	168,353	1.43%
Bryan City School District, Ohio School Improvement Refunding Bonds	124,170	1.05%
Chaffey Joint Union High School District Genereal Obligation Refunding Bonds	183,988	1.56%
City of Chicago/Chicago Midway Airport Revenue Refunding Bonds	120,026	1.02%
City of Norwalk Connecticut General Obligation Refunding Bonds	158,392	1.35%
City of San Fernando Taxable Pension Obligation Bonds	198,759	1.69%
Commonwealth Financing Authority Revenue Refunding Bonds	176,188	1.50%
Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds	175,066	1.49%
Florence County Public Facilities Corporation Installment Purchase Revenue Refunding Bonds	140,434	1.19%
Kansas Development Finance Authority Revenue Bonds	54,558	0.46%
L'Anse Creuse Public Schools County of Macomb, State of Michigan	102,549	0.86%
North Carolina A&T University General Revenue Bonds	116,669	0.99%
Passaic Valley Water Commission Water Supply System	252,358	2.14%
Public Finance Authority Taxable Refunding Revenue Bonds	148,668	1.26%
Rhode Island Housing and Mortgage Finance Corporation Homeownership Opportunity Bonds	335,833	2.85%
State of Hawaii Taxable General Obligation Bonds	80,003	0.67%
State of Oregon General Obligation Bonds	56,827	0.48%
State of Oregon Department of Administrative Services Revenue Bonds	178,999	1.52%
The Board of Regents of Higher Education for the State of Montana General Revenue Bonds	80,018	0.68%
The Regents of the University of California General Revenue Bonds	81,679	0.69%
	<u>\$ 11,781,307</u>	<u>100%</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 4 - RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables at September 30, 2021, were as follows:

	Governmental Activities			Business-Type Activities					Total Primary Government
	General	Stormwater Management	Non-Major Governmental Funds	Water and Sewer	Natural Gas	South Santa Rosa Utility	Gulf Breeze Financial Services	Non-Major Proprietary Funds	
Accounts	\$ 325,884	\$ -	\$ -	\$ -	\$ -	\$ (3,051)	\$ 3,958	\$ -	\$ 326,791
Utilities	-	80,424	-	537,542	428,464	950,485	-	131,369	2,128,284
Other	9,585	-	8,142	9,535	2,911	41,259	-	-	71,432
	<u>335,469</u>	<u>80,424</u>	<u>8,142</u>	<u>547,077</u>	<u>431,375</u>	<u>988,693</u>	<u>3,958</u>	<u>131,369</u>	<u>2,526,507</u>
Less allowance for uncollectible accounts	4,682	2,821	-	16,198	46,445	75,872	-	7,504	153,522
Total	<u>\$ 330,787</u>	<u>\$ 77,603</u>	<u>\$ 8,142</u>	<u>\$ 530,879</u>	<u>\$ 384,930</u>	<u>\$ 912,821</u>	<u>\$ 3,958</u>	<u>\$ 123,865</u>	<u>\$ 2,372,985</u>

The City's due from other governments for governmental activities was \$485,285 as of September 30, 2021, which consisted of amounts due from the State of Florida and Santa Rosa County, Florida, primarily for taxes.

The City's due from other governments for business-type activities was \$1,497,180 as of September 30, 2021, which consisted of amounts due to GBFS from CTA for expenses for shared personnel and office space and amounts due from Santa Rosa County, Florida.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases/ Transfers	Transfers	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 1,646,909	\$ -	\$ -	\$ 37,062	\$ 1,683,971
Construction in progress	804,620	774,056	1,792,496	2,324,674	2,110,854
Total capital assets not being depreciated	<u>2,451,529</u>	<u>774,056</u>	<u>1,792,496</u>	<u>2,361,736</u>	<u>3,794,825</u>
Capital assets being depreciated					
Buildings and improvements	12,514,593	15,259	(70,898)	-	12,600,750
Improvements other than buildings	17,128,742	67,636	(41,000)	-	17,237,378
Infrastructure	1,077,264	892,112	(1,680,598)	4,576,334	8,226,308
Machinery and equipment	6,988,187	379,030	124,631	92,340	7,334,926
Total capital assets being depreciated	<u>37,708,786</u>	<u>1,354,037</u>	<u>(1,667,865)</u>	<u>4,668,674</u>	<u>45,399,362</u>
Less accumulated depreciation					
Buildings and improvements	(5,458,189)	(492,187)	-	-	(5,950,376)
Improvements other than buildings	(14,314,919)	(644,449)	-	(500,441)	(15,459,809)
Infrastructure	(512,460)	(222,497)	-	(981,925)	(1,716,882)
Machinery and equipment	(5,748,341)	(408,592)	(124,631)	(44,732)	(6,077,034)
Total accumulated depreciation	<u>(26,033,909)</u>	<u>(1,767,725)</u>	<u>(124,631)</u>	<u>(1,527,098)</u>	<u>(29,204,101)</u>
Total capital assets being depreciated, net	<u>11,674,877</u>	<u>(413,688)</u>	<u>(1,792,496)</u>	<u>3,141,576</u>	<u>16,195,261</u>
Governmental Activities, net	<u>\$ 14,126,406</u>	<u>\$ 360,368</u>	<u>\$ -</u>	<u>\$ 5,503,312</u>	<u>\$ 19,990,086</u>
Business-Type Activities					
Capital assets not being depreciated					
Land	\$ 4,133,844	\$ -	\$ 1,432,955	\$ (37,062)	\$ 2,663,827
Construction in progress	4,165,701	744,233	388,030	(2,324,674)	2,197,230
Total capital assets not being depreciated	<u>8,299,545</u>	<u>744,233</u>	<u>1,820,985</u>	<u>(2,361,736)</u>	<u>4,861,057</u>
Capital assets being depreciated					
Buildings and improvements	2,924,793	117,184	2,432,314	-	609,663
Improvements other than buildings	10,405,181	-	142,280	-	10,262,901
Infrastructure	53,366,481	399,241	(388,030)	(4,576,334)	49,577,418
Machinery and equipment	8,226,956	316,130	1,291,069	(92,340)	7,159,677
Total capital assets being depreciated	<u>74,923,411</u>	<u>832,555</u>	<u>3,477,633</u>	<u>(4,668,674)</u>	<u>67,609,659</u>
Less accumulated depreciation					
Buildings and improvements	(1,203,644)	(14,474)	(962,248)	-	(255,870)
Improvements other than buildings	(2,967,562)	(957,892)	(73,528)	-	(3,851,926)
Infrastructure	(38,508,279)	(1,112,990)	-	1,482,366	(38,138,903)
Machinery and equipment	(6,943,903)	(489,905)	(1,178,828)	44,732	(6,210,248)
Total accumulated depreciation	<u>(49,623,388)</u>	<u>(2,575,261)</u>	<u>(2,214,604)</u>	<u>1,527,098</u>	<u>(48,456,947)</u>
Total capital assets being depreciated, net	<u>25,300,023</u>	<u>(1,742,706)</u>	<u>1,263,029</u>	<u>(3,141,576)</u>	<u>19,152,712</u>
Business-Type Activities, net	<u>\$ 33,599,568</u>	<u>\$ (998,473)</u>	<u>\$ 3,084,014</u>	<u>\$ (5,503,312)</u>	<u>\$ 24,013,769</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 5 - CHANGES IN CAPITAL ASSETS (Continued)

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

Governmental Activities

General government	\$ 539,198
Public safety	338,361
Transportation	5,000
Economic environment	175,643
Culture and recreation	<u>709,523</u>

Total depreciation expense - governmental activities	<u>\$ 1,767,725</u>
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Business-Type Activities

Water and Sewer	\$ 219,171
Natural Gas	332,396
South Santa Rosa Utility	2,015,829
Gulf Breeze Financial Services	<u>7,865</u>

Total depreciation expense - business-type activities	<u>\$ 2,575,261</u>
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NOTE 6 - DEFINED BENEFIT PENSION PLANS

Florida Retirement System - General Employees:

The Florida Retirement System (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. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy Program (HIS), 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 State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. That report may be obtained by writing to the Florida Division of Retirement, 2639 N. Monroe Street, Building C, Tallahassee, Florida 32399, or calling 1-850-488-6491.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

FRS Pension Plan

A. 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.

B. 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 re-emerges 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.

Effective July 1, 2020, the actuarially determined contribution rates, expressed as a percentage of covered payroll, including the required employee 3% contribution are 28.89% for police officer and firefighter (special risk) employees, 13.82% for regular employees, and 18.34% for DROP.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

FRS Pension Plan (Continued)

B. Contribution and Funding Policy (Continued)

The City contributed 100% of its statutorily required contributions for the current and preceding three years. The City's contributions to the FRS Pension Plan for fiscal year ended September 30, 2021 are listed below.

General employees	\$	8,835
Special risk employees		18,833
 Total contributions	 \$	 <u>27,668</u>

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

At September 30, 2021, the City reported a net pension liability of \$55,349 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of net pension liability was based on the City's fiscal year 2021 contributions relative to the fiscal year 2021 contributions of all participating members. At June 30, 2021, the City's proportionate share was 0.000732719%, which was a decrease of 0.000563994% from its proportionate share measured at June 30, 2020.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

FRS Pension Plan (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended September 30, 2021, the City recognized pension expense of \$78,013 related to the FRS Pension Plan. In addition, 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	\$ 9,487	\$ -
Change in assumptions	37,872	-
Net difference between projected and actual earnings on FRS Pension Plan investments	-	193,097
Changes in proportion and differences between City FRS Pension Plan contributions and proportionate share of FRS Pension Plan contributions	2,989	285,269
City FRS Pension Plan contributions subsequent to measurement date	9,255	-
	\$ 59,603	\$ 478,366

The deferred outflows of resources related to pensions totaling \$9,255 resulting from City contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30			
2022		\$	(102,820)
2023			(97,555)
2024			(100,159)
2025			(106,150)
2026			(21,334)
		\$	(428,018)

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

FRS Pension Plan (Continued)

D. Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2021 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 FRS Pension Plan investments was not based on historical returns, but instead is based in 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. The target allocation and best estimates of arithmetic and geometric real rates of return for each major class are summarized in the following table:

	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.70%	2.10%	1.10%
Fixed income	20.00%	3.80%	3.70%	3.30%
Global equity	54.20%	8.20%	6.70%	17.80%
Real estate (property)	10.30%	7.10%	6.20%	13.80%
Private equity	10.80%	11.70%	8.50%	26.40%
Strategic investments	3.70%	5.70%	5.40%	8.40%
	<u>100.00%</u>			
Assumed inflation - Mean			2.40%	1.20%

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

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

FRS Pension Plan (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 6.80%. 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.

F. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of net pension liability (asset) calculated using the discount rate of 6.80% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.80%) or 1% point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
City's proportionate share of the net pension liability (asset)	\$ 247,523	\$ 55,349	\$ (105,287)

G. 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 Comprehensive Annual Financial Report.

H. Payables to the Pension Plan

At September 30, 2021 the City reported a payable of \$2,538 for the outstanding amount of contributions to the FRS Pension Plan required for the year ended September 30, 2021.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

HIS Pension Plan

A. Plan Description

The Retiree Health Insurance Subsidy Program (“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 Division of Retirement within the Florida Department of Management Services.

B. Benefits Provided

For the year ended September 30, 2021, 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 payment of \$30 and a maximum 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 includes Medicare.

C. Contributions

The HIS 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. At September 30, 2021 the contribution rate was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City’s contributions to the HIS Plan totaled \$5,356 for the year ended September 30, 2021 .

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

HIS Pension Plan (Continued)

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

At September 30, 2021, the City reported a net pension liability of \$54,937 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

The City's proportionate share of net pension liability was based on the City's fiscal year 2021 contributions relative to the fiscal year 2021 contributions of all participating members. At June 30, 2021, the City's proportionate share was 0.000447864%, which was a decrease of 0.000325917% from its proportionate share measured at June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$23,084 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,838	\$ 23
Change in assumptions	4,317	2,264
Net difference between projected and actual earnings on HIS Plan investments	57	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of HIS Plan contributions	-	90,278
City HIS Plan contributions subsequent to measurement date	730	-
	\$ 6,942	\$ 92,565

The deferred outflows of resources related to pensions totaling \$730 resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

HIS Pension Plan (Continued)

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

Year Ending September 30		
2022	\$	(22,379)
2023		(21,377)
2024		(15,076)
2025		(13,383)
2026		(10,949)
Thereafter		(3,189)
	<u>\$</u>	<u>(86,353)</u>

E. Actuarial Assumptions

Actuarial valuations for the HIS Plan are conducted biennially. The June 30, 2018 HIS valuation is the most recent actuarial valuation and was used to develop the total pension liability amount as of June 30, 2021. The June 30, 2018 actuarial valuation was determined using the following actuarial assumptions at the June 30, 2021 measurement date:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal Bond Rate	2.16%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that 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 conducted for the FRS Pension Plan.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida Retirement System - General Employees (Continued)

HIS Pension Plan (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 2.16%. 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 and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

G. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of net pension liability calculated using the discount rate of 2.16% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (1.16%) or 1% point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's proportionate share of the net pension liability	\$ 63,513	\$ 54,937	\$ 47,912

H. 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 Comprehensive Annual Financial Report.

I. Payables to the Pension Plan

At September 30, 2021 the City reported a payable of \$460 for the outstanding amount of contributions to the HIS Plan required for the year ended September 30, 2021.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers

A. 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.

Name of the pension plan:	Retirement Plan for the Police Officers of the City of Gulf Breeze, FL
Legal plan administrator:	Board of Trustees of the Retirement Plan for the Police Officers of the City of Gulf Breeze, FL
Plan type:	Single-employer defined benefit pension plan
Number of covered individuals:	32 (five inactive employees and beneficiaries currently receiving benefits; 9 inactive employees entitled to but not yet receiving benefits; 18 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 an unaudited 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 market 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.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

B. Benefits Provided

Employees covered:	Police officers employed by the City of Gulf Breeze, FL
Types of benefits offered:	Retirement, disability, and pre-retirement death benefits
Basic pension formula:	3.50% of average earnings times service earned through March 2, 2014 plus 3% of average earnings times 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 six years of service, or age 52 with at least 25 years of service.
Early retirement age:	Age 50 with at least six years of service
Vesting requirement:	100% vesting after six years of service
Form of payment:	Actuarially increased single life annuity 10-year certain and life annuity Actuarially equivalent 50%, 66.67%, 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 times years of service (payable as a single life annuity)
Legal authority:	The plan was established effective January 1, 1996 pursuant to City ordinance and has been amended several times since that date.
Changes:	No plan changes were adopted since the prior measurement date.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

C. 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 \$292,425 for the year ended September 30, 2021.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

D. Actuarial Assumptions

Employer's reporting date:	September 30, 2021
Measurement date:	September 30, 2021
Actuarial valuation date:	October 1, 2019
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:	Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees, with full generational improvements in mortality using Scae MP-2018.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	None assumed
Non-investment 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 assumptions have 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. 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, 2021 (see the discussion of the Police Pension Plan's investment policy) are summarized in the following table:

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

D. Actuarial Assumptions (Continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of September 30, 2020	\$ 5,410,067	\$ (5,636,971)	\$ (226,904)
Change due to:			
Share plan	141,835	(141,835)	-
Service cost	364,533	-	364,533
Expected interest growth	402,084	(405,366)	(3,282)
Unexpected investment income	-	(696,727)	(696,727)
Demographic experience	(160,146)	-	(160,146)
Employer contributions	-	(350,860)	(350,860)
Employee contributions	-	(38,490)	(38,490)
Benefit payments & refunds	(52,788)	52,788	-
Administrative expenses	-	23,310	23,310
Assumption changes	(169,187)	-	(169,187)
Balance as of September 30, 2021	<u>\$ 5,936,398</u>	<u>\$ (7,194,151)</u>	<u>\$ (1,257,753)</u>

Plan fiduciary net position as a percentage of total pension liability	121.19%
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E. 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
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

F. Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of September 30, 2020	\$ 5,410,067	\$ (5,636,971)	\$ (226,904)
Change due to:			
Share plan	141,835	(141,835)	-
Service cost	364,533	-	364,533
Expected interest growth	402,084	(405,366)	(3,282)
Unexpected investment income	-	(696,727)	(696,727)
Demographic experience	(160,146)	-	(160,146)
Employer contributions	-	(350,860)	(350,860)
Employee contributions	-	(38,490)	(38,490)
Benefit payments & refunds	(52,788)	52,788	-
Administrative expenses	-	23,310	23,310
Assumption changes	(169,187)	-	(169,187)
Balance as of September 30, 2021	<u>\$ 5,936,398</u>	<u>\$ (7,194,151)</u>	<u>\$ (1,257,753)</u>

G. Sensitivity of the City'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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 6,786,505	\$ 5,936,398	\$ 5,000,395
Less fiduciary net position	(7,052,316)	(7,194,151)	(7,052,316)
Net pension (asset)	<u>\$ (265,811)</u>	<u>\$ (1,257,753)</u>	<u>\$ (2,051,921)</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

H. Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$175,860. At September 30, 2021 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	\$ 813,350	\$ 789,183
Change in assumptions	305,918	189,142
Net difference between projected and actual earnings on Plan investments	31,500	566,539
	\$ 1,150,768	\$ 1,544,864

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

Year Ending September 30			
2022		\$	(115,871)
2023			(106,716)
2024			(119,969)
2025			(121,635)
2026			30,731
Thereafter			39,364
		\$	(394,096)

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

J. Payables to the Pension Plan

At September 30, 2021 the City had no payable to the pension plan required for the year ended September 30, 2021.

K. 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 this annual comprehensive financial report.

Entity-wide Information

Pension expense for all defined benefit pension plans totaled \$276,957 for the year ended September 30, 2021.

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (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.

A. 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.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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 of Gulf Breeze's Finance Department.

At September 30, 2021, plan membership consisted of the following:

Retired employees currently receiving health benefits	3
Inactive employees entitled to but not yet receiving health benefits	0
Active employees	110
Total	113

B. 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.

C. Total OPEB Liability

At September 30, 2021, the City reported a total OPEB liability of \$119,351 for the single-employer plan. The total OPEB liability was measured as of September 30, 2021 and was determined by an actuarial valuation as of that date. The total OPEB liability as of September 30, 2021, reflects the following changes of benefit terms and actuarial assumptions for the plan:

- The interest rate changed from the beginning of the year of 2.21% to 2.26% as of the end of the year.
- The initial trend rate was reset to 6.0%, grading down 0.5% per year until reaching the ultimate rate of 4.5%.
- The retirement and termination rates were updated based on the rates used in the Florida Retirement Systems Actuarial Valuation as of July 1, 2019.
- The mortality assumptions are based on Pub-2010 table projected forward using scale MP-2020.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

D. Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, amounts regarding the funding status of the plan and the annual required contributions of the employer are subject to revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Significant accrual methods and assumptions for the reporting period September 30, 2021 were as follows:

Discount rate:	2.26% per annum (source) Bond Buyer 20-Bond GO index
Salary increases:	3.50% per annum
Medical inflation rate	Chained-CPI (C-CPI) of 2.0% 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.
Retirement:	Retirement is assumed to occur at normal retirement age.
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 retirement benefits will participate in the retiree medical plan. Based on City's expectations, no (0%) participants will enroll in the plan once Medicare eligible.
Plan election rate	It is assumed 100% of eligible future retirees will elect the BlueCare HMO 59 plan.
Mortality rates	Pub-2010 generational scaled using MP-20 and applied on a gender-specific basis.
Health care cost trend rate	Annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate. Pre-Medicare medical and Rx benefits; select rate 6.0%; ultimate rate 4.5% Administrative fees; select rate 4.5%; ultimate rate 4.5%

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

E. Changes to Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of October 1, 2020	\$ 113,764	\$ -	\$ 113,764
Change for the year:			
Service cost	12,505	-	12,505
Interest cost	2,689	-	2,689
Changes in assumptions or other inputs	(445)	-	(445)
Benefit payments	(9,162)	-	(9,162)
Balances as of September 30, 2021	<u>\$ 119,351</u>	<u>\$ -</u>	<u>\$ 119,351</u>

F. Sensitivity Analysis

The following table represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.26%) or 1% point higher (3.26%) than the current discount rate.

	1% Decrease 1.26%	Current Discount Rate 2.26%	1% Increase 3.26%
City's total OPEB Liability	\$ 129,000	\$ 119,351	\$ 110,000

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The following table represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.00% decreasing to 3.50%) or 1% point higher (7.00% decreasing to 5.50%) than the current rate.

<u>Health Care Cost Trend Rate Sensitivity</u>	Healthcare Cost		
	1% Decrease (5.00% decreasing to 3.50%)	Trend Rates (6.00% decreasing to 4.50%)	1% Increase (7.00% decreasing to 5.50%)
City's total OPEB Liability	\$ 104,000	\$ 119,351	\$ 136,000

NOTE 8 - DEFINED CONTRIBUTION 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.

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, 2021 totaled \$323,866, which was equal to the required contributions for the year.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021, were \$140,064.

NOTE 10 - GOVERNMENTAL FUND BALANCES

Fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified as follows depending on the City's ability to control the spending of these fund balances.

Restricted fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or are imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can only be used for specific purposes imposed internally by the City's formal action of highest level of decision-making authority.

Assigned fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 11 - 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 through the Florida League of Cities' Florida Municipal Insurance Program. Under this program the League 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:

	<u>2021</u>	<u>2020</u>
Unpaid claims, beginning	\$ 75,000	\$ 75,000
Claims incurred and changes in estimates	(49,378)	919
Less: claims paid	<u>(335)</u>	<u>(919)</u>
Unpaid claims, ending	<u>\$ 25,287</u>	<u>\$ 75,000</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 11 - RISK MANAGEMENT (Continued)

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 12 - NON-CURRENT LIABILITIES

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/ Reclassifications	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue Improvement Bonds, Series 2007	\$ 6,710,000	\$ -	\$ (246,400)	\$ 6,463,600	\$ 255,200
Redevelopment Revenue Note, Series 2021	-	10,700,000	-	10,700,000	401,250
Capital Improvement Revenue Note, Series 2021	-	1,300,000		1,300,000	48,750
Revenue Improvement Bonds, Series 2016B		2,293,431	(73,212)	2,220,219	76,140
Stormwater Improvement Bonds, Series 2020		1,319,763	(51,440)	1,268,323	52,916
Less deferred amounts for issuance discount	(26,757)	-	1,590	(25,167)	-
Compensated absences	319,868	290,313	(272,723)	337,458	45,213
Total governmental activities, long term debt and other liabilities	<u>\$ 7,003,111</u>	<u>\$ 15,903,507</u>	<u>\$ (642,185)</u>	<u>\$ 22,264,433</u>	<u>\$ 879,469</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Changes in Non-Current Liabilities (Continued)

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance	Due Within One Year
Business-type activities:					
SSRU Refunding Revenue Note, Series 2016	\$ 320,000	\$ -	\$ (320,000)	\$ -	\$ -
Revenue Improvement Bonds, Series 2007	915,000	-	(33,600)	881,400	34,800
SSRU Refunding Revenue Note Revenue Improvement Bonds, Series 2016A	2,468,846	-	(244,507)	2,224,339	251,476
Revenue Improvement Bonds, Series 2016B	4,450,800	-	(142,029)	4,308,771	147,709
Stormwater Improvement Bonds, Series 2020	2,293,431	-	(2,293,431)	-	-
Capital lease payable, meters	1,319,763	-	(1,319,763)	-	-
State revolving loan	2,476,773	-	(399,285)	2,077,488	442,721
Water relocation note payable	676,423	-	(23,552)	652,871	72,835
Sewer relocation note payable	195,845	-	(17,270)	178,575	17,686
Gas relocation note payable	752,877	-	(66,389)	686,488	67,988
Unearned revenue	715,452	-	(63,089)	652,363	64,608
Compensated absences	23,751	-	(23,751)	-	-
	251,669	318,261	(362,728)	207,202	29,008
Total business-type activities, long term debt and other liabilities	\$ 16,860,630	\$ 318,261	\$ (5,309,394)	\$ 11,869,497	\$ 1,128,831

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Description of Long-Term Debt and Other Liabilities Outstanding

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
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 to finance certain capital improvements.	\$ 255,200	\$ 6,208,400	\$ 6,463,600
\$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.	401,250	10,298,750	10,700,000
\$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.	48,750	1,251,250	1,300,000
\$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 rate 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.	76,140	2,144,079	2,220,219
\$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 rate at 2.85%. Secured by pledged revenues of the City's utility systems. Proceeds used to finance certain capital improvements.	52,916	1,215,407	1,268,323
Less unamortized bond discount	-	(25,167)	(25,167)
Total Governmental Activities	\$ 834,256	\$ 21,092,719	\$ 21,926,975

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Description of Long-Term Debt and Other Liabilities Outstanding (Continued)

Business-Type Activities	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
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 to finance certain capital improvements.	34,800	846,600	881,400
\$3,800,000, South Santa Rosa Utility System Refunding Revenue Note, 2013, due in annual installments ranging from \$206,569 to \$306,144 plus semi-annual interest payments through 2028; bearing an interest rate of 2.85%; Non-ad valorem revenues are pledged for payment; Proceeds used for the payment of the SSRU Refunding Revenue Note, 2009B.	251,476	1,972,863	2,224,339
\$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 rate 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.	<u>147,709</u>	<u>4,161,062</u>	<u>4,308,771</u>
Total Bonds and Notes	<u>433,985</u>	<u>6,980,525</u>	<u>7,414,510</u>
Capital Lease			
Capital lease for water and gas meters and other equipment; due in semi-annual installments ranging from \$161,102 to \$289,000; payments through 2026; bearing an interest rate of 2.8%; secured by meters and other financed equipment; net book value at September 30, 2018 of \$2,564,993.	<u>442,721</u>	<u>1,634,767</u>	<u>2,077,488</u>
State Revolving Loan			
State revolving loan payable of \$971,323, due in semi-annual payments of \$33,868, through September 15, 2032, bearing an interest rate of 3.05%.	<u>72,835</u>	<u>580,036</u>	<u>652,871</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Description of Long-Term Debt and Other Liabilities Outstanding (Continued)

Business-Type Activities (Continued)	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Relocation Notes			
Relocation note payable of \$195,845, due in annual payments of \$22,775, through January 15, 2030, imputed interest rate of 2.85%.	17,686	160,889	178,575
Relocation note payable of \$752,877, due in annual payments of \$87,553, through January 15, 2030, imputed interest rate of 2.85%.	67,988	618,500	686,488
Relocation note payable of \$715,452, due in annual payments of \$83,200, through January 15, 2030, imputed interest rate of 2.85%.	<u>64,608</u>	<u>587,755</u>	<u>652,363</u>
Total Business-Type Activities	<u>\$ 1,099,823</u>	<u>\$ 10,562,472</u>	<u>\$ 11,662,295</u>
Grand Total Long-Term Debt			<u>\$ 33,589,270</u>

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding as of September 30, 2021, are as follows:

<u>Years Ending September 30,</u>	<u>Series 2007</u>		<u>Series 2021</u>		<u>Series 2021</u>	
	<u>Revenue Improvement Bonds</u>		<u>Redevelopment Revenue Note</u>		<u>Capital Improvement Revenue Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 255,200	\$ 302,774	\$ 401,250	\$ 184,129	\$ 48,750	\$ 22,371
2023	268,400	291,121	416,408	216,274	50,592	26,276
2024	281,600	278,570	431,567	207,530	52,433	25,214
2025	290,400	265,342	446,725	198,466	54,275	24,112
2026	308,000	251,504	461,883	189,086	56,117	22,972
2026-2030	1,764,400	1,019,527	2,536,792	793,566	308,208	96,416
2031-2035	2,244,000	528,787	2,915,750	511,286	354,250	62,118
2036-2040	<u>1,051,600</u>	<u>50,474</u>	<u>3,089,625</u>	<u>189,162</u>	<u>375,375</u>	<u>22,982</u>
	<u>\$ 6,463,600</u>	<u>\$ 2,988,099</u>	<u>\$ 10,700,000</u>	<u>\$ 2,489,499</u>	<u>\$ 1,300,000</u>	<u>\$ 302,461</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Annual Requirements to Amortize Debt Outstanding (Continued)

<u>Years Ending September 30,</u>	Series 2016B		Series 2020	
	Improvement Bonds		Improvement Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 76,140	\$ 90,434	\$ 52,916	\$ 35,773
2023	79,186	87,332	54,435	34,254
2024	82,353	84,106	55,998	32,692
2025	85,647	80,751	57,604	31,084
2026	1,896,893	77,261	59,258	29,431
2026-2030	-	-	322,800	120,643
2031-2035	-	-	371,865	71,579
2036-2040	-	-	293,447	16,963
	<u>\$ 2,220,219</u>	<u>\$ 419,884</u>	<u>\$ 1,268,323</u>	<u>\$ 372,419</u>

Business-Type Activities (Continued)

<u>Years Ending September 30,</u>	2007 Revenue		2013 Refunding	
	Improvement Bonds		Revenue Note	
	Principal	Interest	Principal	Interest
2022	\$ 34,800	\$ 41,287	\$ 251,476	\$ 60,651
2023	36,600	39,698	258,643	53,281
2024	38,400	37,987	266,014	45,816
2025	39,600	36,183	273,596	37,905
2026	42,000	34,296	281,393	29,887
2026-2030	240,600	139,026	893,217	39,258
2031-2035	306,000	72,107	-	-
2036-2040	143,400	5,144	-	-
	<u>\$ 881,400</u>	<u>\$ 405,728</u>	<u>\$ 2,224,339</u>	<u>\$ 266,798</u>

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Annual Requirements to Amortize Debt Outstanding (Continued)

Business-Type Activities (Continued)

Years Ending September 30,	Series 2016A					
	Revenue Bonds		SunTrust Equipment Lease		State Revolving Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 147,709	\$ 175,546	\$ 442,721	\$ 55,279	\$ 72,835	\$ 18,813
2023	153,618	169,528	490,495	42,505	50,426	17,310
2024	159,762	163,269	534,547	28,453	51,976	15,760
2025	166,153	156,761	443,945	13,157	53,573	14,162
2026	3,681,529	149,991	165,780	2,323	55,220	12,516
2026-2030	-	-	-	-	302,623	36,057
2031-2035	-	-	-	-	66,218	1,519
	<u>\$ 4,308,771</u>	<u>\$ 815,095</u>	<u>\$ 2,077,488</u>	<u>\$ 141,717</u>	<u>\$ 652,871</u>	<u>\$ 116,137</u>

Years Ending September 30,	Relocation Note					
	Relocation Note		Relocation Note		Relocation Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 17,686	\$ 5,089	\$ 67,988	\$ 19,565	\$ 64,608	\$ 18,592
2023	18,190	4,585	69,925	17,627	66,449	16,751
2024	18,708	4,067	71,918	15,634	68,343	14,857
2025	19,241	3,534	73,968	13,585	70,291	12,909
2026	19,790	2,985	76,076	11,477	72,294	10,906
2026-2030	84,960	6,139	326,613	23,598	310,378	22,425
	<u>\$ 178,575</u>	<u>\$ 26,399</u>	<u>\$ 686,488</u>	<u>\$ 101,486</u>	<u>\$ 652,363</u>	<u>\$ 96,440</u>

Debt Covenants

There are 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 judgments and compensated absences were generally liquidated by the General Fund.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 13 - 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.

NOTE 14 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at September 30, 2021 is as follows:

Interfund Balances

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Natural Gas	\$ 1,000,000
General	Stormwater Management	500,000
General	Red Light	649
General	Gulf Breeze Financial Services	654,000
General	Solid Waste	<u>53,000</u>
		<u>\$ 2,207,649</u>

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; a receivable from the South Santa Rosa Utility Fund to the General fund for providing funding for capital improvements; a receivable from the Water & Sewer Fund to the South Santa Rosa Utility Fund for utility and impact fees; and a receivable from the Solid Waste fund to the General Fund for providing funding for operations.

During 2018, GBFS settled a lawsuit with the Government Credit Corporation and paid \$600,000. GBFS borrowed those funds from the City, which was paid back on October 1, 2021. The advance accrued interest at 3% annually. The balance at September 30, 2021 includes accrued interest of \$54,000.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 14 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund Transfers

Transfers Out	Transfers In					Total
	General	Stormwater Management	Non-major Governmental	Water and Sewer	South Santa Rosa Utility	
General	\$ -	\$ 1,724,797	\$ -	\$ -	\$ 29,596	\$ 1,754,393
Urban Core Redevelopment	376,395	-	-	-	-	376,395
Water and Sewer	214,885	-	-	-	105,754	320,639
Natural Gas	102,046	-	-	-	139,544	241,590
South Santa Rosa Utility	401,153	-	-	-	-	401,153
Stormwater Management	117,101	-	-	-	-	117,101
Gulf Breeze Financial Services	-	-	-	-	136,198	136,198
Non-major Governmental	327,900	-	-	-	-	327,900
Non-major Proprietary	51,303	-	-	-	-	51,303
Totals	<u>\$ 1,590,783</u>	<u>\$ 1,724,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,092</u>	<u>\$ 3,726,672</u>

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. The total transfers into the General Fund from other funds is \$1,590,783 for the 2021 fiscal year. The transfer of \$1,724,797 from the General Fund to the Stormwater Fund has been obligated by the City Council for use on Stormwater Projects, funding for the LOOP multiuse path 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. The water and sewer and natural gas funds transferred for debt service and overhead allocations from the SSRU system. \$241,589 for profit in lieu of franchise fee and debt financing. Transfers totaling \$401,153 from SSRU were for internal service allocation and debt service payments. Non-major proprietary funds transferred \$51,303 for internal service allocation. Non-major governmental funds transferred \$327,900 for multiple capital projects, and debt service payments.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 15 - 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 2021, the City's investment value in the joint venture increased by \$579,602 and as of September 30, 2021, was \$4,990,868. A copy of the financial statements for FRUS is available by writing to 8574 Turkey Bluff Road, Navarre, Florida 32569.

The City had a non-interest bearing note receivable from FRUS requiring monthly payments of \$1,457 through September 2025. During 2021, the City received five monthly payments totaling \$7,285 and entered into a settlement agreement with FRUS to offset the remaining balance against an amount due from the City to FRUS.

The City has 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. As of September 30, 2021, the FRUS rate was \$1.55 per thousand gallons.

NOTE 16 - RELATED PARTY TRANSACTIONS

The City Council appoints the Directors of CTA. During the year ended September 30, 2021, CTA transferred \$1,000,000 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, 2021 were \$31,454, of which \$5,397 remained unpaid and is included in CTA accrued liabilities as of September 30, 2021.

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, 2021, those expenses totaled \$102,609, of which \$21,745 remained unpaid and is included in CTA's accrued liabilities as of September 30, 2021.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 17 - RECLASSIFICATION

In 2021, the City reclassified the stormwater management fund from an enterprise fund to a special revenue fund. The effect of that reclassification is as follows:

Net Position of Stormwater Management enterprise fund, as previously reported	\$ 2,270,162
Capital assets reclassified from proprietary fund to governmental activities	(5,503,312)
Debt reclassified from proprietary fund to governmental activities	3,613,194
Deferred issuance costs reclassified from proprietary fund governmental activities	(37,695)
Compensated absences reclassified from proprietary fund to governmental activities	16,325
OPEB liability reclassified from proprietary fund to governmental activities	4,175
Accrued interest reclassified from proprietary fund to governmental activities	<u>64,665</u>
Reclassified to Fund Balance	<u><u>\$ 427,514</u></u>

NOTE 18 - 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 \$5,337,000 in engineering services and construction contracts. As of September 30, 2021, the remaining contractual commitments under these contracts totaled approximately \$3,039,619.

Minimum Purchase Commitment

As discussed in Note 16, the City has a minimum purchase commitment with FRUS which requires 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 but has recorded the potential liability totaling \$255,009.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 18 - 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 designated \$1,500,000 of its cash balance and obligated \$1,500,000 of its net position at September 30, 2021 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.

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REQUIRED SUPPLEMENTARY INFORMATION
PENSION SCHEDULES

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS*

Schedule A-1

	2021	2020	2019	2018	2017	2016	2015	2014
City of Gulf Breeze's proportion of net pension liability	0.000732719%	0.001296713%	0.001875438%	0.002028501%	0.002008423%	0.002777516%	0.002590508%	0.003036459%
City of Gulf Breeze's proportionate share of net pension liability	\$ 55,349	\$ 562,040	\$ 645,875	\$ 610,995	\$ 594,282	\$ 701,325	\$ 334,599	\$ 185,269
City of Gulf Breeze's covered payroll	\$ 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 its covered payroll	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	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*

Schedule A-2

	2021	2020	2019	2018	2017	2016	2015	2014
City of Gulf Breeze's proportion of net pension liability	0.000447864%	0.000773781%	0.001133433%	0.001364057%	0.001368461%	0.001884406%	0.001995196%	0.002228351%
City of Gulf Breeze's proportionate share of net pension liability	\$ 54,937	\$ 94,477	\$ 126,820	\$ 144,373	\$ 146,322	\$ 219,620	\$ 203,479	\$ 208,356
City of Gulf Breeze's covered payroll	\$ 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 its covered payroll	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	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

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*

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

* The amounts presented for each fiscal year were determined as of October 1. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2015 was not available.

**CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS***

Schedule A-4

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

* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

** The amounts presented for each fiscal year were determined as of September 30.

**CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS***

Schedule A-5

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

* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

** The amounts presented for each fiscal year were determined as of September 30.

**CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA MUNICIPAL PENSION TRUST FUND
LAST TEN FISCAL YEARS***

Schedule A-6

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 292,425	\$ 246,139	\$ 203,262	\$ 174,722	\$ 190,129	\$ 152,604	\$ 120,446	\$ 196,200	\$ 268,765	\$ 89,212
Contributions in relation to the actuarially determined contribution	<u>(292,425)</u>	<u>(246,139)</u>	<u>(203,262)</u>	<u>(174,722)</u>	<u>(190,129)</u>	<u>(152,604)</u>	<u>(120,446)</u>	<u>(196,200)</u>	<u>(268,765)</u>	<u>(89,212)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Gulf Breeze's covered payroll	\$ 1,012,952	\$ 879,140	\$ 757,353	\$ 702,730	\$ 621,418	\$ 632,650	\$ 560,545	573,863	573,863	563,728
Contribution as a percentage of covered payroll	28.87%	28.00%	26.84%	24.86%	30.60%	24.12%	21.49%	34.19%	46.83%	15.83%

* The amounts presented for each fiscal year were determined as of September 30. Information provided above was obtained from an actuarial valuation.

CITY OF GULF BREEZE, FLORIDA
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
FLORIDA MUNICIPAL PENSION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2021

Schedule A-7

		Police Officer Retirement Fund
Contribution rates:		
City		18.89%
Plan members		4.0%
Chapter 185 contribution		6.65%
Annual pension cost	\$	277,475
Contributions made:		
Plan members	\$	38,490
Employer	\$	292,425
State of Florida	\$	78,422
Net pension asset	\$	1,257,753
Actuarial valuation date		10/1/2020
Actuarial cost method		Aggregate cost method
Asset valuation method		Market 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 retirement with respect to benefits earned after February 3, 2014
Non-investment expenses		Liabilities have been loaded by 1.75% to account for non-investment expenses.
Retirement age		Assumed to occur at normal retirement age
Mortality basis		Sex-distinct rates set forth in the PUB-2010 Headcount-Wrighted 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		Since the prior measurement date, the mortality basis was changed from the RP-2000 Blue Collar Mortality Table to selected PUB-2010 Mortality Tables.

CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

Schedule A-8

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 12,505	\$ 4,615	\$ 4,178	\$ 3,681
Interest	2,689	2,178	2,778	2,959
Differences between expected and actual experience	-	14,793	-	-
Changes in assumptions or other inputs	(445)	18,068	3,462	3,184
Benefit payments	<u>(9,160)</u>	<u>(6,316)</u>	<u>(4,713)</u>	<u>(2,426)</u>
Net change in total OPEB liability	5,589	33,338	5,705	7,398
Total OPEB liability - beginning	<u>113,764</u>	<u>80,426</u>	<u>74,721</u>	<u>67,323</u>
Total OPEB liability - ending	<u><u>\$ 119,353</u></u>	<u><u>\$ 113,764</u></u>	<u><u>\$ 80,426</u></u>	<u><u>\$ 74,721</u></u>
Covered-employee payroll	\$ 5,516,000	\$ 5,354,935	\$ 4,198,000	\$ 4,055,975
City's total OPEB liability as a percentage of covered-employee payroll	2%	2%	2%	2%

* Information is presented for those years in which information is available.

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

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.

NON-MAJOR GOVERNMENTAL FUNDS

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.

Stormwater Management Fund

To account for funds received for stormwater management.

CITY OF GULF BREEZE, FLORIDA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

Schedule B-1

	Traffic Citation Special Revenue	Police Special Revenue	Tourist Development Special Revenue	Total
Assets:				
Cash and cash equivalents	\$ 17,540	\$ 79,237	\$ -	\$ 96,777
Due from other governments	-	2,836	283,913	286,749
Interfund receivables	29,727	-	-	29,727
Receivables	8,142	-	-	8,142
Restricted assets				
Cash and cash equivalents	-	98,968	617,215	716,183
Total Assets	\$ 55,409	\$ 181,041	\$ 901,128	\$ 1,137,578
Liabilities:				
Accounts payable	\$ 32,065	\$ 2,341	\$ -	\$ 34,406
Accrued liabilities	172	-	-	172
Due to other governments	24,568	-	-	24,568
Total liabilities	56,805	2,341	-	59,146
Fund Balances:				
Restricted				
Public safety	-	178,700	-	178,700
Community redevelopment	-	-	901,128	901,128
Assigned				
Public safety	(1,396)	-	-	(1,396)
Total fund balances	(1,396)	178,700	901,128	1,078,432
Total Liabilities and Fund Balances	\$ 55,409	\$ 181,041	\$ 901,128	\$ 1,137,578

CITY OF GULF BREEZE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021

Statement B-2

	Traffic Citation Special Revenue	Police Special Revenue	Tourist Development Special Revenue	Total
Revenues:				
Taxes	\$ -	\$ -	\$ 733,718	\$ 733,718
Intergovernmental	1,546	17,658	-	19,204
Fines and forfeitures	433,787	21,249	-	455,036
Investment earnings	-	28	-	28
Miscellaneous	1,130	-	-	1,130
Total revenues	<u>436,463</u>	<u>38,935</u>	<u>733,718</u>	<u>1,209,116</u>
Expenditures:				
Current				
General government	-	3,731	-	3,731
Public safety	287,859	19,587	-	307,446
Culture and recreation	-	-	37,163	37,163
Capital outlay	-	24,559	-	24,559
Total expenditures	<u>287,859</u>	<u>47,877</u>	<u>37,163</u>	<u>372,899</u>
Excess of Revenues Over Expenditures	148,604	(8,942)	696,555	836,217
Other Financing Sources (Uses):				
Transfers out	<u>(150,000)</u>	<u>-</u>	<u>(177,900)</u>	<u>(327,900)</u>
Net change in fund balances	(1,396)	(8,942)	518,655	508,317
Fund Balances:				
Beginning of year	<u>-</u>	<u>187,642</u>	<u>382,473</u>	<u>570,115</u>
End of year	<u>\$ (1,396)</u>	<u>\$ 178,700</u>	<u>\$ 901,128</u>	<u>\$ 1,078,432</u>

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
TRAFFIC CITATION SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2021

Statement B-3

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Fines and forfeitures	\$ 450,000	\$ 450,000	\$ 433,787	\$ (16,213)
Miscellaneous	-	-	1,130	1,130
Total revenues	450,000	450,000	436,463	(13,537)
Expenditures:				
Current				
Public safety	302,889	302,889	287,859	15,030
Excess of revenues over expenditures	147,111	147,111	148,604	1,493
Other Financing Uses:				
Transfers out	(150,000)	(150,000)	(150,000)	-
Appropriation of Fund Balances	2,889	2,889	-	(2,889)
Net change in fund balance	\$ -	\$ -	(1,396)	\$ (1,396)
Fund Balance:				
Beginning of year			-	
End of year			\$ (1,396)	

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
TOURIST DEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2021

Statement B-4

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 219,400	\$ 219,400	\$ 733,718	\$ 514,318
Expenditures:				
Culture and recreation	41,500	175,229	37,163	138,066
Excess of revenues over expenditures	177,900	44,171	696,555	652,384
Other Financing Uses:				
Transfers out	(177,900)	(177,900)	(177,900)	-
Net change in fund balance	\$ -	\$ -	518,655	\$ 518,655
Fund Balance:				
Beginning of year			382,473	
End of year			\$ 901,128	

NON-MAJOR PROPRIETARY FUNDS

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 the 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
STATEMENT OF NET POSITION - NON-MAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2021

Statement C-1

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Solid Waste Control	Innerarity Point Utilities	Total
Current Assets:			
Cash and cash equivalents	\$ (51,903)	\$ 126,930	\$ 75,027
Receivables, net	122,086	1,779	123,865
Due from other governments	-	5,400	5,400
Restricted cash and cash equivalents	12,025	-	12,025
Total current assets	<u>82,208</u>	<u>134,109</u>	<u>216,317</u>
Total Assets	<u>\$ 82,208</u>	<u>\$ 134,109</u>	<u>\$ 216,317</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities:			
Accounts payable	\$ 97,316	\$ -	\$ 97,316
Accrued liabilities	7,254	-	7,254
Interfund payables	53,000	-	53,000
Due to other governments	-	846	846
Payable from restricted assets			
Customer deposits	12,025	-	12,025
Compensated absences	953	-	953
Total current liabilities	<u>170,548</u>	<u>846</u>	<u>171,394</u>
Non-Current Liabilities:			
Compensated absences	5,848	-	5,848
Net other postemployment benefits liability	1,011	-	1,011
Total non-current liabilities	<u>6,859</u>	<u>-</u>	<u>6,859</u>
Total Liabilities	<u>177,407</u>	<u>846</u>	<u>178,253</u>
Net Position:			
Unrestricted	<u>(95,199)</u>	<u>133,263</u>	<u>38,064</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 82,208</u>	<u>\$ 134,109</u>	<u>\$ 216,317</u>

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

Statement C-2

	Solid Waste Control	Innerarity Point Utilities	Total
Operating Revenues:			
Charges for services	\$ 897,248	\$ 37,072	\$ 934,320
Operating Expenses:			
Personal services	215,792	-	215,792
Contractual services	649,010	22,424	671,434
Supplies	859	167	1,026
Professional services	5,421	3,450	8,871
Repairs and maintenance	4,826	-	4,826
Office and utilities	1,975	-	1,975
Total operating expenses	<u>877,883</u>	<u>26,041</u>	<u>903,924</u>
Operating income (loss)	19,365	11,031	30,396
Non-Operating Revenues:			
Miscellaneous	2,851	-	2,851
Income Before Transfers	22,216	11,031	33,247
Transfers:			
Transfers out	<u>(51,303)</u>	<u>-</u>	<u>(51,303)</u>
Changes in Net Position	(29,087)	11,031	(18,056)
Net Position at Beginning of Year	<u>(66,112)</u>	<u>122,232</u>	<u>56,120</u>
Net Position at End of Year	<u>\$ (95,199)</u>	<u>\$ 133,263</u>	<u>\$ 38,064</u>

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CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CASH FLOWS - NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021

Statement C-3

	Solid Waste Control	Innerarity Point Utilities	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 853,257	\$ 43,201	\$ 896,458
Payments to suppliers and providers	(644,036)	(37,610)	(681,646)
Payments to employees	(213,844)	-	(213,844)
Net cash provided by (used in) operating activities	(4,623)	5,591	968
Cash Flows from Non-Capital Financing Activities:			
Transfers out	(51,303)	-	(51,303)
Net Change in Cash and Cash Equivalents	(55,926)	5,591	(50,335)
Cash and Cash Equivalents - Beginning of Year	16,048	121,339	137,387
Cash and Cash Equivalents - End of Year	\$ (39,878)	\$ 126,930	\$ 87,052
Displayed As:			
Cash and cash equivalents	\$ (51,903)	\$ 126,930	\$ 75,027
Restricted cash	12,025	-	12,025
Total cash and cash equivalents	\$ (39,878)	\$ 126,930	\$ 87,052

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CASH FLOWS - NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2021
(Continued)

Statement C-3

	<u>Solid Waste Control</u>	<u>Innerarity Point Utilities</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 19,365	\$ 11,031	\$ 30,396
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -			
Miscellaneous income	2,851	-	2,851
Changes in operating assets and liabilities:			
Receivables	(46,842)	11,529	(35,313)
Due from other governments	-	(5,400)	(5,400)
Accounts payable	18,055	(11,569)	6,486
Accrued liabilities	1,454	-	1,454
Compensated absences	527	-	527
Net OPEB liability	(33)	-	(33)
	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (4,623)</u></u>	<u><u>\$ 5,591</u></u>	<u><u>\$ 968</u></u>

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III. 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.

**CITY OF GULF BREEZE, FLORIDA
COMPONENTS OF NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED**

Table I

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Investment in Capital Assets:										
Governmental activities	\$ 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	\$ 9,652,675
Business-type activities	<u>12,351,474</u>	<u>15,396,467</u>	<u>15,396,467</u>	<u>14,337,571</u>	<u>12,931,062</u>	<u>11,653,347</u>	<u>15,705,656</u>	<u>18,625,464</u>	<u>17,147,289</u>	<u>14,049,602</u>
Total primary government	<u>\$ 21,112,085</u>	<u>\$ 22,872,349</u>	<u>\$ 22,872,349</u>	<u>\$ 21,978,128</u>	<u>\$ 20,016,465</u>	<u>\$ 19,831,384</u>	<u>\$ 25,427,747</u>	<u>\$ 29,251,313</u>	<u>\$ 28,450,130</u>	<u>\$ 23,702,277</u>
Restricted Net Position:										
Governmental activities	\$ 14,138,486	\$ 2,577,468	\$ 2,917,856	\$ 2,658,510	\$ 1,947,912	\$ 968,784	\$ 753,569	\$ 485,597	\$ 711,122	\$ 879,047
Business-type activities	<u>1,527,270</u>	<u>28,280</u>	<u>31,044</u>	<u>108,597</u>	<u>108,597</u>	<u>183,115</u>	<u>1,814,513</u>	<u>5,456,129</u>	<u>5,298,985</u>	<u>844,957</u>
Total primary government	<u>\$ 15,665,756</u>	<u>\$ 2,605,748</u>	<u>\$ 2,948,900</u>	<u>\$ 2,767,107</u>	<u>\$ 2,056,509</u>	<u>\$ 1,151,899</u>	<u>\$ 2,568,082</u>	<u>\$ 5,941,726</u>	<u>\$ 6,010,107</u>	<u>\$ 1,724,004</u>
Unrestricted Net Position:										
Governmental activities	\$ (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	\$ 7,689,924
Business-type activities	<u>26,496,306</u>	<u>21,497,983</u>	<u>18,563,385</u>	<u>15,226,143</u>	<u>15,488,277</u>	<u>14,406,046</u>	<u>5,550,686</u>	<u>1,235,949</u>	<u>5,265,964</u>	<u>14,084,654</u>
Total primary government	<u>\$ 26,051,810</u>	<u>\$ 28,528,580</u>	<u>\$ 28,664,484</u>	<u>\$ 25,850,601</u>	<u>\$ 28,808,256</u>	<u>\$ 28,440,016</u>	<u>\$ 13,223,502</u>	<u>\$ 8,930,923</u>	<u>\$ 12,180,073</u>	<u>\$ 21,774,578</u>
Total Net Position:										
Governmental activities	\$ 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	\$ 18,221,646
Business-type activities	<u>40,375,050</u>	<u>36,922,730</u>	<u>33,990,896</u>	<u>29,672,311</u>	<u>28,527,936</u>	<u>26,242,508</u>	<u>23,070,855</u>	<u>25,317,542</u>	<u>27,712,238</u>	<u>28,979,213</u>
Total primary government	<u>\$ 62,829,651</u>	<u>\$ 54,006,677</u>	<u>\$ 54,485,733</u>	<u>\$ 50,595,836</u>	<u>\$ 50,881,230</u>	<u>\$ 49,423,299</u>	<u>\$ 41,219,331</u>	<u>\$ 44,123,962</u>	<u>\$ 46,640,310</u>	<u>\$ 47,200,859</u>

SOURCE: City of Gulf Breeze Finance Department.

**CITY OF GULF BREEZE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED**

Table II

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental activities -										
General government	\$ 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	\$ 1,780,088
Public safety	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	2,848,296
Transportation	487,809	1,083,492	1,143,987	977,564	1,083,623	518,675	830,933	645,097	1,040,137	392,737
Economic environment	498,279	413,228	336,300	293,423	659,419	550,405	539,671	480,967	458,622	470,558
Culture and recreation	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	1,800,355
Debt service interest	494,550	323,191	334,785	342,652	343,507	357,915	369,894	395,462	305,046	310,536
Total government activities	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	7,602,570
Business-type activities -										
Water and sewer	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	1,557,810
Natural gas	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	1,286,806
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	4,918,789
Solid waste control	877,883	880,359	693,248	648,776	587,226	577,155	564,709	547,242	702,888	896,904
Stormwater management	-	570,162	511,330	527,044	491,625	511,473	431,285	566,526	258,411	259,933
Gulf Breeze Financial Services	180,558	240,887	247,735	1,218,479	423,343	359,021	204,582	235,163	245,537	240,070
Innerarity Point	26,041	8,585	16,499	13,716	23,708	15,003	16,663	-	-	-
Total business-type activities	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	9,160,312
Total primary government expenses	\$ 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	\$ 16,762,882
Program Revenues:										
Government activities -										
Charges for services -										
General government	\$ 1,070,061	\$ 499,823	\$ 536,651	\$ 430,302	\$ 419,408	\$ 246,268	\$ 87,414	\$ 64,546	\$ 94,215	\$ 67,903
Public safety	496,025	490,999	541,391	611,389	626,234	1,113,580	1,012,910	845,318	901,465	749,597
Culture and recreation	245,115	120,634	313,130	378,847	354,538	355,232	327,605	385,295	242,762	217,271
Operating grants and contributions	5,154,367	1,649,954	1,902,586	266,785	404,699	595,981	1,377,663	1,984,125	3,154,938	7,195,117
Capital grants and contributions	-	-	-	314,312	-	-	-	-	-	-
Total governmental activities program revenues	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	8,229,888
Business-type activities -										
Charges for services -										
Water and sewer	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	1,850,835
Natural gas	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	1,596,774
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	4,933,717
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	897,248	839,642	841,055	761,776	675,885	645,519	593,891	571,504	725,172	1,012,054
Stormwater management	-	458,084	440,406	238,246	237,125	236,275	234,086	205,282	190,324	197,504
Gulf Breeze Financial Services	49,550	50,588	51,583	169,367	176,209	695,289	577,096	635,849	875,171	926,632
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	2,778,927	3,569,878	2,325,462	2,136,120	3,494,650	1,457,975	501,998	507,249	373,323	417,520
Total business-type activities program revenues	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	10,935,036
Total primary government program revenues	\$ 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	\$ 19,164,924

SOURCE: City of Gulf Breeze Finance Department.

CITY OF GULF BREEZE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Continued)

Table II

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Program (Expense)/Revenue:										
Governmental activities	\$ (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)	\$ 627,318
Business-type activities	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)	1,774,724
Total primary government program net (expense)/revenue	<u>\$ (1,823,609)</u>	<u>\$ (5,155,547)</u>	<u>\$ (3,993,898)</u>	<u>\$ (6,497,889)</u>	<u>\$ (4,405,501)</u>	<u>\$ (4,451,540)</u>	<u>\$ (7,870,377)</u>	<u>\$ (7,235,739)</u>	<u>\$ (4,624,775)</u>	<u>\$ 2,402,042</u>
General Revenues and Other Changes in Net Position:										
Governmental activities -										
Property taxes	\$ 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	\$ 1,731,906
Tourist development taxes	733,718	260,273	359,800	209,300	211,692	183,857	149,108	113,541	64,755	39,529
Fuel taxes	247,259	225,447	241,532	233,944	226,447	281,937	255,638	230,880	231,438	232,681
Franchise taxes	691,831	427,835	399,509	344,871	327,060	366,834	349,322	327,992	288,767	305,448
Communication services taxes	376,875	325,497	262,779	259,313	256,618	267,399	298,398	278,448	361,484	298,469
Utility service taxes	1,028,926	779,813	768,612	790,916	776,473	660,134	472,984	450,533	357,489	347,131
Intergovernmental, unrestricted	1,112,397	991,793	939,971	924,404	785,669	543,531	570,938	520,130	499,149	1,070,901
Gain (Loss) on sale of capital assets	25,887	(25,690)	5,883	103,468	20,830	5,883,665 *	-	-	-	-
Miscellaneous	132,021	93,943	148,044	762,524	784,763	829,237	455,119	640,712	796,089	608,104
Investment earnings	21,046	111,654	172,634	44,410	56,261	5,879	6,240	11,844	13,904	35,537
Total revenues	7,013,264	5,721,593	5,554,251	5,830,198	5,560,559	10,994,712	4,508,441	4,391,241	4,352,195	4,669,706
Transfers	739,791	(1,229,429)	997,595	872,527	1,864,671	1,437,748	1,481,217	1,399,616	1,217,588	1,181,650
Total government activities	<u>7,753,055</u>	<u>4,492,164</u>	<u>6,551,846</u>	<u>6,702,725</u>	<u>7,425,230</u>	<u>12,432,460</u>	<u>5,989,658</u>	<u>5,790,857</u>	<u>5,569,783</u>	<u>5,851,356</u>
Business-type activities -										
Gain on sale of capital assets	1,388,596	6,419	1,479,082	-	-	-	-	-	-	-
Other operating revenues	237,721	186,315	191,372	210,501	147,128	343,899	270,568	123,641	329,682	268,959
Investment earnings	421,830	347,336	659,090	171,796	155,745	266,066	174,969	204,509	18,721	337,195
Total revenues	2,048,147	540,070	2,329,544	382,297	302,873	609,965	445,537	328,150	348,403	606,154
Transfers	(739,791)	1,229,429	(997,595)	(872,527)	(1,864,671)	(1,437,748)	(1,481,217)	(1,399,616)	(1,217,588)	(1,181,650)
Total business-type activities	<u>1,308,356</u>	<u>1,769,499</u>	<u>1,331,949</u>	<u>(490,230)</u>	<u>(1,561,798)</u>	<u>(827,783)</u>	<u>(1,035,680)</u>	<u>(1,071,466)</u>	<u>(869,185)</u>	<u>(575,496)</u>
Total primary government	<u>\$ 9,061,411</u>	<u>\$ 6,261,663</u>	<u>\$ 7,883,795</u>	<u>\$ 6,212,495</u>	<u>\$ 5,863,432</u>	<u>\$ 11,604,677</u>	<u>\$ 4,953,978</u>	<u>\$ 4,719,391</u>	<u>\$ 4,700,598</u>	<u>\$ 5,275,860</u>
Change in Net Position:										
Government activities	\$ 3,133,211	\$ (3,443,609)	\$ (428,688)	\$ (1,429,769)	\$ (827,497)	\$ 5,032,315	\$ (998,351)	\$ (121,652)	\$ 1,106,798	\$ 6,478,674
Business-type activities	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)	1,199,228
Total primary government	<u>\$ 7,237,802</u>	<u>\$ 1,106,116</u>	<u>\$ 3,889,897</u>	<u>\$ (285,394)</u>	<u>\$ 1,457,931</u>	<u>\$ 7,153,137</u>	<u>\$ (2,916,399)</u>	<u>\$ (2,516,348)</u>	<u>\$ 75,823</u>	<u>\$ 7,677,902</u>

SOURCE: City of Gulf Breeze Finance Department.

* Represent gain on the sale and easement to Florida Department of Transportation.

CITY OF GULF BREEZE, FLORIDA
CHARGES FOR SERVICES BY FUNCTION AND PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

Table III

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
General government	\$ 1,070,061	\$ 499,823	\$ 536,651	\$ 430,302	\$ 419,408	\$ 246,268	\$ 87,414	\$ 64,546	\$ 94,215	\$ 67,903
Public safety	496,025	490,999	541,391	611,389	626,234	1,113,580	1,012,910	845,318	901,465	749,597
Culture and recreation	245,115	120,634	313,130	378,847	354,538	355,232	327,605	385,295	242,762	217,271
Total government charges	<u>1,811,201</u>	<u>1,111,456</u>	<u>1,391,172</u>	<u>1,420,538</u>	<u>1,400,180</u>	<u>1,715,080</u>	<u>1,427,929</u>	<u>1,295,159</u>	<u>1,238,442</u>	<u>1,034,771</u>
Business-Type Activities:										
Water and sewer	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	1,850,835
Natural gas	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	1,596,774
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	4,933,717
Solid waste control	897,248	839,642	841,055	761,776	675,885	645,519	593,891	571,504	725,172	1,012,054
Stormwater management	-	458,084	440,406	238,246	237,125	236,275	234,086	205,282	190,324	197,504
Gulf Breeze Financial Services	49,550	50,588	51,583	169,367	176,209	695,289	577,096	635,849	875,171	926,632
Innerarity Point	37,072	37,617	58,508	24,666	80,986	60,402	44,882	-	-	-
Total business-type charges	<u>15,322,354</u>	<u>15,728,964</u>	<u>15,282,563</u>	<u>14,914,070</u>	<u>13,737,505</u>	<u>13,406,518</u>	<u>13,367,150</u>	<u>12,954,888</u>	<u>11,494,906</u>	<u>10,517,516</u>
Total primary government	<u>\$ 17,133,555</u>	<u>\$ 16,840,420</u>	<u>\$ 16,673,735</u>	<u>\$ 16,334,608</u>	<u>\$ 15,137,685</u>	<u>\$ 15,121,598</u>	<u>\$ 14,795,079</u>	<u>\$ 14,250,047</u>	<u>\$ 12,733,348</u>	<u>\$ 11,552,287</u>

SOURCE: City of Gulf Breeze Finance Department.

**CITY OF GULF BREEZE, FLORIDA
COMPONENTS OF FUND BALANCE
LAST TEN FISCAL YEARS
UNAUDITED**

Table IV

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Non-spendable Fund Balance:										
General fund	\$ 12,814	\$ 27,558	\$ 22,258	\$ 28,070	\$ 9,863	\$ 15,532	\$ 100,977	\$ 5,349	\$ 5,488	\$ 5,980
Aggregate special revenue funds	6,119	-	-	-	-	-	-	-	-	-
Total	<u>\$ 18,933</u>	<u>\$ 27,558</u>	<u>\$ 22,258</u>	<u>\$ 28,070</u>	<u>\$ 9,863</u>	<u>\$ 15,532</u>	<u>\$ 100,977</u>	<u>\$ 5,349</u>	<u>\$ 5,488</u>	<u>\$ 5,980</u>
Restricted Fund Balance:										
General fund	\$ 905,896	\$ 853,714	\$ 1,101,042	\$ 864,098	\$ 431,962	\$ 291,112	\$ 290,144	\$ 280,523	\$ -	\$ -
Aggregate special revenue funds	13,232,590	1,723,754	1,816,814	1,794,412	1,515,950	677,672	463,425	329,403	762,430	916,350
Total	<u>\$ 14,138,486</u>	<u>\$ 2,577,468</u>	<u>\$ 2,917,856</u>	<u>\$ 2,658,510</u>	<u>\$ 1,947,912</u>	<u>\$ 968,784</u>	<u>\$ 753,569</u>	<u>\$ 609,926</u>	<u>\$ 762,430</u>	<u>\$ 916,350</u>
Committed Fund Balance:										
General fund	\$ 288,317	\$ 288,272	\$ 279,183	\$ 416,564	\$ 599,437	\$ 657,821	\$ 657,821	\$ 657,770	\$ 562,270	\$ 362,270
Aggregate special revenue funds	-	-	-	-	-	-	-	475,409	-	-
Total	<u>\$ 288,317</u>	<u>\$ 288,272</u>	<u>\$ 279,183</u>	<u>\$ 416,564</u>	<u>\$ 599,437</u>	<u>\$ 657,821</u>	<u>\$ 657,821</u>	<u>\$ 1,133,179</u>	<u>\$ 562,270</u>	<u>\$ 362,270</u>
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	(1,396)	-	303,000	332,279	439,785	806,815	714,234	530,095	-	416,854
Total	<u>\$ 114,597</u>	<u>\$ 115,993</u>	<u>\$ 418,993</u>	<u>\$ 448,272</u>	<u>\$ 555,778</u>	<u>\$ 922,808</u>	<u>\$ 830,227</u>	<u>\$ 646,088</u>	<u>\$ 115,993</u>	<u>\$ 532,847</u>
Unassigned Fund Balance:										
General fund	\$ 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	\$ 6,698,503
Aggregate special revenue funds	3,640,833	-	-	-	-	-	-	-	-	-
Total	<u>\$ 10,124,254</u>	<u>\$ 7,139,414</u>	<u>\$ 9,609,925</u>	<u>\$ 9,912,601</u>	<u>\$ 12,260,202</u>	<u>\$ 12,630,941</u>	<u>\$ 6,162,112</u>	<u>\$ 6,650,378</u>	<u>\$ 6,058,917</u>	<u>\$ 6,698,503</u>
Total Fund Balance:										
General fund	\$ 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	\$ 7,182,746
Aggregate special revenue funds	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	1,333,204
Total	<u>\$ 24,684,587</u>	<u>\$ 10,148,705</u>	<u>\$ 13,248,215</u>	<u>\$ 13,464,017</u>	<u>\$ 15,373,192</u>	<u>\$ 15,195,886</u>	<u>\$ 8,504,706</u>	<u>\$ 9,044,920</u>	<u>\$ 7,505,098</u>	<u>\$ 8,515,950</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Taxes	\$ 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	\$ 2,649,716
Licenses and permits	82,450	83,635	85,186	91,382	108,451	92,871	87,414	392,538	382,850	373,351
Intergovernmental	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	8,202,214
Charges for services	1,232,726	536,822	764,595	717,767	665,495	508,629	327,605	311,099	232,418	243,576
Fines and forfeitures	496,025	490,999	541,391	611,389	626,234	1,113,580	1,012,910	826,754	879,725	742,280
Contribution from component unit	2,700,000	1,000,000	1,500,000	620,000	620,000	620,000	325,000	364,500	325,000	-
Other operating revenues	153,067	205,597	320,678	186,934	221,024	215,116	136,359	450,790	546,303	688,458
Total revenues	<u>13,952,945</u>	<u>8,508,693</u>	<u>8,842,126</u>	<u>7,414,053</u>	<u>7,344,608</u>	<u>7,422,108</u>	<u>7,314,033</u>	<u>7,670,525</u>	<u>8,745,575</u>	<u>12,899,595</u>
Expenditures:										
General government	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	1,729,301
Public safety	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	2,596,140
Transportation	482,809	725,808	677,323	476,733	957,608	249,971	519,423	328,318	713,559	204,519
Economic environment	322,636	331,930	307,769	273,158	235,928	229,567	198,758	136,168	116,579	133,073
Culture and recreation	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	1,251,795
Capital outlay	2,128,093	1,407,680	1,265,846	1,983,477	334,453	378,651	752,873	948,833	3,280,636	5,957,086
Debt service -										
Principal	371,052	237,600	224,400	215,600	206,800	202,400	193,600	184,800	175,650	171,600
Interest	485,417	324,966	334,785	344,081	350,023	356,325	368,304	396,336	305,046	310,536
Total expenditures	<u>12,610,255</u>	<u>10,392,374</u>	<u>10,043,906</u>	<u>10,317,793</u>	<u>9,052,803</u>	<u>8,475,046</u>	<u>8,860,055</u>	<u>8,481,137</u>	<u>10,498,580</u>	<u>12,354,050</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,342,690</u>	<u>(1,883,681)</u>	<u>(1,201,780)</u>	<u>(2,903,740)</u>	<u>(1,708,195)</u>	<u>(1,052,938)</u>	<u>(1,546,022)</u>	<u>(810,612)</u>	<u>(1,753,005)</u>	<u>545,545</u>
Other Financing Sources (Uses):										
Gain from sale of capital assets	25,887	13,600	5,883	103,468	20,830	6,306,370	-	-	-	-
Transfers in	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	1,815,781
Transfers out	(2,575,789)	(2,814,626)	(1,058,304)	(1,389,380)	(1,502,241)	(769,880)	(476,067)	(450,560)	(897,422)	(634,130)
Proceeds from long-term debt	12,000,000	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	314,312	-	-	-	-	-	-
Settlement	-	-	(17,500)	(295,742)	-	-	-	-	-	-
Total other financing sources (uses)	<u>12,765,678</u>	<u>(1,215,829)</u>	<u>985,978</u>	<u>994,565</u>	<u>1,885,501</u>	<u>7,744,118</u>	<u>1,481,217</u>	<u>1,399,616</u>	<u>1,217,588</u>	<u>1,181,651</u>
Net change in fund balance	<u>\$ 14,108,368</u>	<u>\$ (3,099,510)</u>	<u>\$ (215,802)</u>	<u>\$ (1,909,175)</u>	<u>\$ 177,306</u>	<u>\$ 6,691,180</u>	<u>\$ (64,805)</u>	<u>\$ 589,004</u>	<u>\$ (535,417)</u>	<u>\$ 1,727,196</u>
Debt service as a percentage of noncapital expenditures	8.17%	6.26%	6.37%	6.72%	6.39%	6.90%	6.93%	7.72%	6.66%	7.54%

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
2021				This levy will be collected during Fiscal Year 2022				
2020	\$ 1,814,334	\$ 1,739,783	95.9%	\$ 2,571	\$ 1,742,354	96.0%	\$ 28,517	1.6%
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%
2012	\$ 1,200,632	\$ 1,163,879	96.9%	\$ 3,864	\$ 1,167,743	97.3%	\$ 36,753	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
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	\$ 903,420,497	\$ 33,761,170	\$ 937,181,667	\$ 287,072,951	\$ 650,108,716	1.9000
2012	\$ 883,720,244	\$ 35,023,885	\$ 918,744,129	\$ 287,168,164	\$ 631,575,965	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

<u>Fiscal Year</u>	<u>Millage</u>
2021	1.9723
2020	1.9723
2019	1.9723
2018	1.9723
2017	1.9723
2016	1.9723
2015	1.9723
2014	1.9723
2013	1.9000
2012	1.9000

SOURCE: Santa Rosa County Property Appraiser

The base rate and the total rate are identical for the City of Gulf Breeze.

**CITY OF GULF BREEZE, FLORIDA
PRINCIPAL TAXPAYERS
2018 AND NINE YEARS AGO
UNAUDITED**

Table IX

Taxpayer	Fiscal Year 2021		2012	
	Total Taxable Value	Percentage	Total Taxable Value	Percentage
Andrews Institute Medical Park & ASC	\$ 18,217,907	1.89%	\$ 20,669,068	3.41%
GB Senior Living	14,614,794	1.52%	-	0.00%
Real Sub, LLC	14,596,545	1.52%	-	0.00%
Florida Power and Light	11,573,108	1.20%	7,785,820	1.28%
Mullet Willis J as Trustee	8,342,843	0.87%	7,230,942	1.19%
Jerome Gulf Breeze LLC	6,929,637	0.72%	-	0.00%
Belleau George A & Ann F	5,840,359	0.61%	4,187,358	0.69%
Exposition Properties, LLC	5,579,922	0.58%	4,622,288	0.76%
Satterfield Thomas Adger Trustee	5,531,680	0.57%	-	0.00%
Quietwater LLC	5,463,522	0.57%	5,207,375	0.86%
Total of Principal Taxpayers	96,690,317	10.05%	49,702,851	8.20%
Total All Other Taxpayers	865,387,917	89.95%	556,326,184	91.80%
Total Taxable Value	\$ 962,078,234	100.00%	\$ 606,029,035	100.00%

SOURCE: Santa Rosa County Property Appraiser

**CITY OF GULF BREEZE, FLORIDA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED**

Table X

Fiscal Year	Assessment	Assessments Collected	Ratio of Collections to Amount Assessed	Total Outstanding Current and Delinquent Assessments
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
2012	\$ -	\$ 24,774		\$ 78,015

SOURCE: City of Gulf Breeze Finance Department

⁽¹⁾ Septic abatement assessment provided up to 10 years for payment

**CITY OF GULF BREEZE, FLORIDA
OUTSTANDING DEBT
LAST TEN FISCAL YEARS
UNAUDITED**

Table XI

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenue Bonds and Note Payable:										
Governmental activities	\$ 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	\$ 8,311,723
Business-type activities	<u>7,414,510</u>	<u>11,767,840</u>	<u>11,764,012</u>	<u>13,023,595</u>	<u>14,232,918</u>	<u>15,438,447</u>	<u>8,785,821</u>	<u>9,687,627</u>	<u>5,471,974</u>	<u>5,959,853</u>
Total primary government	<u>\$ 29,341,485</u>	<u>\$ 18,451,083</u>	<u>\$ 18,683,265</u>	<u>\$ 20,164,068</u>	<u>\$ 21,587,401</u>	<u>\$ 22,998,140</u>	<u>\$ 16,546,324</u>	<u>\$ 17,640,140</u>	<u>\$ 13,607,697</u>	<u>\$ 15,521,159</u>
Notes Payable:										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	<u>2,170,297</u>	<u>2,340,597</u>	<u>722,472</u>	<u>767,148</u>	<u>810,492</u>	<u>852,543</u>	<u>893,340</u>	<u>932,922</u>	<u>4,759,964</u>	<u>4,897,432</u>
Total primary government	<u>\$ 2,170,297</u>	<u>\$ 2,340,597</u>	<u>\$ 722,472</u>	<u>\$ 767,148</u>	<u>\$ 810,492</u>	<u>\$ 852,543</u>	<u>\$ 893,340</u>	<u>\$ 932,922</u>	<u>\$ 4,759,964</u>	<u>\$ 4,897,432</u>
Line of Credit:										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>
Capital Leases Payable:										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	<u>2,077,488</u>	<u>2,476,773</u>	<u>2,841,594</u>	<u>3,215,303</u>	<u>3,598,056</u>	<u>3,941,854</u>	<u>4,292,398</u>	<u>4,663,665</u>	<u>262,557</u>	<u>-</u>
Total primary government	<u>\$ 2,077,488</u>	<u>\$ 2,476,773</u>	<u>\$ 2,841,594</u>	<u>\$ 3,215,303</u>	<u>\$ 3,598,056</u>	<u>\$ 3,941,854</u>	<u>\$ 4,292,398</u>	<u>\$ 4,663,665</u>	<u>\$ 262,557</u>	<u>\$ -</u>
Total Debt:										
Governmental activities	\$ 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	\$ 8,311,723
Business-type activities	<u>11,662,295</u>	<u>16,585,210</u>	<u>15,328,078</u>	<u>17,006,046</u>	<u>18,641,466</u>	<u>20,232,844</u>	<u>16,971,559</u>	<u>18,284,214</u>	<u>13,494,495</u>	<u>10,857,285</u>
Total primary government	<u>\$ 33,589,270</u>	<u>\$ 23,268,453</u>	<u>\$ 22,247,331</u>	<u>\$ 24,146,519</u>	<u>\$ 25,995,949</u>	<u>\$ 27,792,537</u>	<u>\$ 24,732,062</u>	<u>\$ 26,236,727</u>	<u>\$ 21,630,218</u>	<u>\$ 19,169,008</u>

SOURCE: City of Gulf Breeze Finance Department.

CITY OF GULF BREEZE, FLORIDA
RATIO OF TOTAL DEBT TO ASSESSED VALUE
AND TOTAL DEBT PER CAPITA
LAST TEN FISCAL YEARS
UNAUDITED

Table XII

Fiscal 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)
2021	6,302	\$ 960,597,691	\$ 33,589,270	3.5%	\$ 5,330	9.34%
2020	5,910	\$ 919,907,911	\$ 23,268,453	2.5%	\$ 3,937	6.95%
2019	5,849	\$ 868,739,730	\$ 22,247,331	2.6%	\$ 3,804	7.16%
2018	5,849	\$ 809,215,818	\$ 24,146,519	3.0%	\$ 4,128	8.12%
2017	5,838	\$ 768,601,504	\$ 25,995,949	3.4%	\$ 4,453	8.69%
2016	5,818	\$ 731,176,600	\$ 27,792,537	3.8%	\$ 4,777	9.52%
2015	5,815	\$ 705,821,110	\$ 24,732,062	3.5%	\$ 4,253	9.45%
2014	5,805	\$ 684,357,400	\$ 26,236,727	3.8%	\$ 4,520	10.77%
2013	5,763	\$ 650,108,716	\$ 21,630,218	3.3%	\$ 3,753	8.64%
2012	5,790	\$ 631,575,965	\$ 19,169,008	3.0%	\$ 3,311	7.67%

(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
COMPUTATON 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

Fiscal 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
2021	6,302	\$ 960,597,691	\$ -	\$ -	\$ -	- %	\$ -
2020	5,910	\$ 919,907,911	\$ -	\$ -	\$ -	- %	\$ -
2019	5,849	\$ 868,739,730	\$ -	\$ -	\$ -	- %	\$ -
2018	5,838	\$ 809,215,818	\$ -	\$ -	\$ -	- %	\$ -
2017	5,818	\$ 768,601,504	\$ -	\$ -	\$ -	- %	\$ -
2016	5,815	\$ 731,176,600	\$ -	\$ -	\$ -	- %	\$ -
2015	5,805	\$ 705,821,110	\$ -	\$ -	\$ -	- %	\$ -
2014	5,763	\$ 684,357,400	\$ -	\$ -	\$ -	- %	\$ -
2013	5,790	\$ 650,108,716	\$ -	\$ -	\$ -	- %	\$ -
2012	5,765	\$ 631,575,965	\$ -	\$ -	\$ -	- %	\$ -

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

(2) From Table VII

**CITY OF GULF BREEZE, FLORIDA
COMPUTATON 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

Fiscal Year	Operating Revenue	Tap Fees	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2021	\$ 6,790,214	\$ 2,648,535	\$ 6,050,234	\$ 3,388,515	\$ 320,000	\$ 2,148	\$ 322,148	10.52
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
2012	\$ 4,933,717	\$ 389,166	\$ 2,848,490	\$ 2,474,393	\$ 595,000	\$ 267,213	\$ 862,213	2.87

SOURCE: City of Gulf Breeze Finance Department

(1) Excluding Depreciation

**CITY OF GULF BREEZE, FLORIDA
MISCELLANEOUS DEMOGRAPHICAL STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED**

Table XVII

Fiscal 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					
2021	6,302	191,911	3.28%	4.12%	\$ 57,072	3.70%	\$ 92,267
2020	5,910	184,313	3.21%	2.37%	\$ 56,665	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
2012	5,765	155,390	3.71%	1.04%	\$ 43,165	2.50%	\$ 67,214

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

Fiscal Year	Assessed Value for Operations (1)	Commercial Construction		Residential Construction		Bank Deposits (3)
		Number of Units (2)	Value	Number of Units (2)	Value	
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	0	\$ -	15	\$ 7,552,000	\$ 398,443,000
2013	\$ 650,108,716	1	\$ 80,000	18	\$ 10,737,000	\$ 347,134,000
2012	\$ 631,575,965	4	\$ 8,011,500	10	\$ 4,193,000	\$ 292,221,000

(1) SOURCE: 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

Fiscal Year 2021 (1)	Employees	Percentage of Labor Force
Hampton Inn	450	9.2%
Andrews Research and Education Institute	421	8.6%
Gulf Breeze Hospital	402	8.2%
Andrews Orthopedics and Sports	270	5.5%
Publix	150	3.1%
AppRiver	114	2.3%
Exos	99	2.0%
Gulf Breeze High School	90	1.8%
Gulf Breeze Middle School	68	1.4%
Gulf Breeze Elementary School	61	1.2%
Total Labor Force (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	Miscellaneous/ Permits	Additions/ Renovations	New Construction	Sign Permits	Miscellaneous/ Permits
2021	24	12	24	429	11	1	8	11
2020	8	21	31	360	1	0	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	0	0	3	10
2013	23	17	8	67	8	1	17	17
2012	12	11	12	67	4	6	30	16

SOURCE: City of Gulf Breeze Community Services Department

**CITY OF GULF BREEZE, FLORIDA
WATER SERVICE RATES
AS OF SEPTEMBER 30, 2021
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"	\$ 13.38	\$ 13.38	\$ 3.74	\$ 16.13	\$ 20.27	\$ 3.90
1.00"	\$ 23.31	\$ 23.31	\$ 3.74	\$ 28.11	\$ 35.13	\$ 3.90
1.50"	\$ 56.69	\$ 56.69	\$ 3.74	\$ 68.35	\$ 79.33	\$ 3.90
2.00"	\$ 90.64	\$ 90.64	\$ 3.74	\$ 109.29	\$ 124.86	\$ 3.90
3.00"	\$ 180.25	\$ 180.25	\$ 3.74	\$ 217.36	\$ 243.93	\$ 3.90
4.00"	\$ 269.89	\$ 269.89	\$ 3.74	\$ 325.46	\$ 360.08	\$ 3.90
6.00"	\$ 530.00	\$ 530.00	\$ 3.74	\$ 639.07	\$ 692.08	\$ 3.90
Tech Fee	\$ 2.00	\$ 2.00		\$ 2.00	\$ 2.00	
Reclaim Service	N/A	N/A		\$ 6.29	\$ 6.29	
Surcharge per Chapter 180.191, F.S.				6%	6%	

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

**CITY OF GULF BREEZE, FLORIDA
SEWER SERVICE RATES
AS OF SEPTEMBER 30, 2021
UNAUDITED**

Table XXII

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"	\$ 18.96	\$ 18.96	\$ 4.80	\$ 20.27	\$ 20.27	\$ 5.13
1.00"	\$ 32.86	\$ 32.86	\$ 4.80	\$ 35.13	\$ 35.13	\$ 5.13
1.50"	\$ 74.20	\$ 74.20	\$ 4.80	\$ 79.33	\$ 79.33	\$ 5.13
2.00"	\$ 116.78	\$ 116.78	\$ 4.80	\$ 124.86	\$ 124.86	\$ 5.13
3.00"	\$ 228.13	\$ 228.13	\$ 4.80	\$ 243.93	\$ 243.93	\$ 5.13
4.00"	\$ 336.77	\$ 336.77	\$ 4.80	\$ 360.08	\$ 360.08	\$ 5.13
6.00"	\$ 647.29	\$ 647.29	\$ 4.80	\$ 692.08	\$ 692.08	\$ 5.13

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

**CITY OF GULF BREEZE, FLORIDA
SOLID WASTE SERVICE RATES
AS OF SEPTEMBER 30, 2021
UNAUDITED**

Table XXIII

Residential Collection

	Curbside	Sideyard
Regular	\$ 25.74	\$ 45.32
Senior Rate	\$ 23.17	\$ 23.17
Disable Rate	\$ 23.17	\$ 23.17
Extra Kart	\$ 15.27	\$ 19.76
Sideyard Waste & Recyc		\$ 45.32

Commercial Collection

Container Size (Waste)	Collection Frequency (Per Week)					Per Extra Call
	1	2	3	4	5	
Kart (96 Gal)	\$ 32.32	\$ 50.12				
2 Cubic Yards	\$ 87.04	\$ 126.30	\$ 195.68	\$ 253.18	\$ 315.68	\$ 27.82
4 Cubic Yards	\$ 136.55	\$ 236.19	\$ 348.62	\$ 463.58	\$ 573.42	\$ 55.65
6 Cubic Yards	\$ 192.53	\$ 344.22	\$ 500.31	\$ 658.86	\$ 821.24	\$ 83.48
8 Cubic Yards	\$ 177.18	\$ 306.44	\$ 445.97	\$ 583.28	\$ 722.98	\$ 111.31
6 Cubic Yard Compactor *	\$ 384.99	\$ 732.21	\$ 1,071.16	\$ 1,421.93	\$ 1,661.45	\$ N/A
30 Cubic Yard Compactor	\$ 1,160.31					
30 Cubic Yard Roll Off **	\$ 1,160.31	\$ 2,320.61	\$ 3,480.92	\$ 4,641.23	\$ 5,801.53	\$ 267.98

Container Size (Recycling)	Collection Frequency (per week)		
	1	3	5
Kart (96 Gal)	\$ 14.92		
2 Cubic Yards*	\$ 47.66	\$ 85.40	\$ 142.32
4 Cubic Yards*	\$ 66.73	\$ 128.54	\$ 222.03
6 Cubic Yards*	\$ 85.04	\$ 154.68	\$ 270.45
8 Cubic Yards*	\$ 114.01	\$ 187.38	\$ 347.76

* 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
YEAR ENDED SEPTEMBER 30, 2021
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

Monthly Usage (Therms)	Rate per Therm
0 - 3	\$ 0.8880
4 - 8	\$ 0.8476
9 - 166	\$ 0.8073
167 - 4,166	\$ 0.6862
over 4,167	\$ 0.5651

Outside City Limits - Residential and Commercial

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

Monthly Usage (Therms)	Rate per Therm
0 - 3	\$ 0.9768
4 - 8	\$ 0.9324
9 - 166	\$ 0.8880
167 - 4,166	\$ 0.7548
over 4,167	\$ 0.6216

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

Florida State Sales Tax - Commercial accounts 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, 2021
UNAUDITED**

Table XXV

Type	Effective Dates	Company	Policy Number	Amount
Auto (Person)	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 200,000
Auto (Occurrence)				\$ 300,000
General liability	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 1,000,000
Extra contractual legal liability				\$ 25,000
Fire legal liability				\$ 500,000
Medical malpractice liability				\$ 1,000,000
Errors and omissions liability				\$ 1,000,000
Law enforcement liability				\$ 1,000,000
Workers Compensation	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	Statutory Limit
Employers Liability	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 1,000,000
Real Property	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 37,562,006
Personal Property	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 4,219,432
Inland Marine	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 587,116
Accounts Receivable	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 250,000
Named Storm Coverage	10/01/2020- 10/01/2021	Florida Municipal Insurance Trust	FMIT # 0224	\$ 26,756,308
Storage Tank Liability	10/01/2020- 10/01/2021	Commerce & Industry Insurance	FPL007509065	\$ 1,000,000 \$ 2,000,000

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Full-time employees on City Payroll as of September 30, (1)										
General Government:										
City manager and city clerk	6	6	6	4	4	4	5	5	4	4
Community services	4	4	4	4	3	3	3	3	2	2
Finance and accounting	6	6	5	4	3	3	3	3	5	5
Parks and recreation center	15	15	15	13	12	13	10	10	8	8
Special projects	1	1	1	1	1	1	1	0	0	0
Sworn officers	22	21	20	19	19	17	18	18	17	15
Civilian employees	8	8	8	8	7	8	8	8	8	7
Police	30	29	28	27	26	25	26	26	25	22
Total general government	<u>62</u>	<u>61</u>	<u>59</u>	<u>53</u>	<u>49</u>	<u>49</u>	<u>48</u>	<u>47</u>	<u>44</u>	<u>41</u>
Enterprises (2):										
Gulf Breeze Financial Services	2	3	3	3	3	3	3	2	2	2
Gas, water and sewer	24	24	24	22	13	13	13	13	13	12
South Santa Rosa Utility	32	31	29	27	27	29	29	28	27	26
Tiger Point Golf Course (3)	0 ⁽³⁾	0 ⁽³⁾	0 ⁽³⁾	0 ⁽³⁾	0 ⁽³⁾	0 ⁽³⁾	17	19	19	0
Total enterprises	<u>58</u>	<u>58</u>	<u>56</u>	<u>52</u>	<u>43</u>	<u>45</u>	<u>45</u>	<u>43</u>	<u>42</u>	<u>40</u>

(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 throughout 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 requirements on an as needed basis.

SOURCE: City of Gulf Breeze Finance Department

**CITY OF GULF BREEZE, FLORIDA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
UNAUDITED**

Table XXVII

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fire Department:										
Emergency medical calls	217	347	593	792	733	606	645	439	495	449
Fire and other calls	292	387	530	418	432	394	366	401	361	300
Total calls	<u>509</u>	<u>734</u>	<u>1,123</u>	<u>1,210</u>	<u>1,165</u>	<u>1,000</u>	<u>1,011</u>	<u>840</u>	<u>856</u>	<u>749</u>
Police Department:										
Arrests	204	287	391	401	436	505	314	304	415	466
Citations	1,433	2,149	3,373	518	5,101	4,943	3,917	5,455	6,734	5,462
Parks and Recreation:										
League registrations	1,825	1,718	1,765	1,863	1,853	1,773	1,718	1,640	1,745	1,566
Water:										
Customers at year end	2,650	2,635	2,602	2,602	2,600	2,612	2,580	2,591	2,579	2,580
Usage (000's gallons)	283,001	334,201	278,641	256,613	219,373	249,999	228,795	227,259 *	217,800	233,565
Sewer:										
Customers at year end	1,591	1,576	1,551	1,549	1,545	1,554	1,548	1,528	1,517	1,514
Treatment (000's gallons)	176,469	212,218	173,517	158,637	143,056	162,071	146,576	172,157 *	134,652	147,327
Natural Gas:										
Customers at year end	4,640	4,527	4,235	4,139	3,990	3,874	3,722	3,591	3,460	3,371
Therms (000's 100's ft3)	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	1,037,415
SSRUS - Water:										
Customers at year end	4,568	4,534	4,431	4,474	4,413	4,358	4,337	4,300	4,145	4,196
Usage (000's gallons)	303,056	384,245	283,915	230,438	250,942	272,180	280,525	289,186 *	270,288	286,027
SSRUS - Sewer:										
Customers at year end	7,351	7,176	6,795	6,774	6,599	6,418	6,321	6,160	5,966	5,958
Treatment (000's gallons)	506,407	626,319	462,381	427,630	406,408	400,093	406,407	422,883 *	373,787	395,337
Wastewater Treatment:										
Treatment (Millions of Gallons)	708.3	629.2	617.0	572.7	601.0	606.0	545.2	614.9	558.6	519.2
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	25,828

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

(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.

** Honours Golf Company, LLC took over management of the golf course in April 2017; Figures reflect April to September 2017

**CITY OF GULF BREEZE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
UNAUDITED**

Table XXVIII

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	10
Signs installed	213	213	213	174	174	172	172	172	172	171
Traffic signal (City owned)	1	1	1	1	1	1	1	1	1	1
Water:										
Water line (miles)	43.5	43.5	43.5	43.5	43.5	43.5	43.5	43.5	43.5	43.5
Elevated storage tanks	1	1	1	1	1	1	1	1	1	1
Elevated storage capacity (000's)	100	100	100	100	100	100	100	100	100	100
Ground storage tanks	1	1	1	1	1	1	1	1	1	1
Ground storage capacity (000,000's gallons)	1	1	1	1	1	1	1	1	1	1
Water pump facilities	1	1	1	1	1	1	1	1	1	1
Sewer:										
Sewer line (miles)	35.2	35.2	35.2	34.8	34.7	34.7	34.7	34.7	34.7	16.4
Lift stations	26	26	26	26	26	26	10	10	10	25
Natural Gas:										
Gas main (miles)	160.3	160.3	160.3	160.3	159.6	141.3	141.3	141.3	141.3	129.5
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	62.3
Elevated storage tanks	1	1	1	1	1	1	1	1	1	1
Elevated storage capacity (000's)	150	150	150	150	150	150	150	150	150	150
Ground storage tanks	1	1	1	1	1	1	1	1	1	1
Ground storage capacity (000,000's gallons)	1.5	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	1
<u>Sewer</u>										
Sewer line (miles)	70.1	70.1	67.4	65.9	62.8	59.4	59.4	59.4	59.0	57.8
Lift stations	63	61	63	63	62	61	61	61	61	60
<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					
Elevated storage capacity 000s	300	300	300	300	300					
Stormwater Utility:										
Stormwater pipe (miles)	12.2	11.4	11.4	11.4	11.4	11.4	9.1	9.1	9.1	9.1
Inlets	274	262	262	262	262	262	186	186	186	186
Pump stations	6	6	6	6	6	6	5	5	5	5
Police Department:										
Patrol units	21	21	19	20	16	18	18	18	17	17
Fire Department:										
Response and support vehicles	10	10	11	12	11	10	10	10	10	10

SOURCE: Department Records

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IV. Compliance Section

- ❖ **Compliance Matters**
- ❖ **Management Letter**
- ❖ **Responses to the Management Letter**



**CITY OF GULF BREEZE, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2021**

Federal Agency Pass-Through Entity Federal Program	CFDA Number	Contract/Grant Number	Expenditures
U.S. Department of Homeland Security			
Pass-Through From:			
Florida Department of Community Affairs			
Disaster Grants - Public Assistance			
(Presidentially Declared Disasters)	97.036		\$ <u>1,672,930</u>
<i>Total U.S. Department of Homeland Security</i>			<u>1,672,930</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,672,930</u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

CITY OF GULF BREEZE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Gulf Breeze, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the 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, 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 7, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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

Compliance and Other Matters

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

Purpose of this Report

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



Pensacola, Florida
April 7, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Gulf Breeze, Florida, (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The Council's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Pensacola, Florida
April 7, 2022

**CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the City of Gulf Breeze, Florida (the City).
2. We noted one significant deficiency relating to the audit of the financial statements that is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Finding 2021-001 was determined to be a material weakness.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for each major federal program for the City expresses an unmodified opinion.
6. There are no audit findings relative to each major federal program for the City which are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The programs tested as major were:

Federal Program

CFDA No.

Disaster Grants - Public Assistance (Presidentially Declared Disasters)

97.036

8. The threshold for distinguishing Types A and B programs was \$300,000 for major federal programs and state projects.
9. The City did not qualify as a low-risk auditee.

**CITY OF GULF BREEZE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021
(Continued)**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Financial Reporting

Finding: 2021-001

During our audit process, we identified material adjustments that were necessary to present the financial statements in accordance with U.S. Generally Accepted Accounting Principles. One of these adjustments was the result of moving the stormwater activities from an enterprise fund to a special revenue fund and management not properly recording the reclassification. Another material adjustment was necessary to properly record federal grant receipts as deferred revenue. Management also identified and made significant adjustments to the trial balance after the start of the audit.

We recommend the City continue its efforts to improve the year-end closeout procedures to ensure that all transactions, year-end adjustments, and accruals are recorded in a timely manner.

Management's Response:

The City established a new stormwater/streets fund on October 1, 2020, and the prior finance director simply combined the 407 fund with the 001.0300 GF department to create a new 201 fund. Inadvertently, the fixed assets and debt accounts were brought into the new fund rather than moving them to the governmental fixed assets and long-term debt fund. This was done in error on our part, and we appreciate the auditors bringing this to our attention so it could be corrected. We also acknowledge that the revenue from the American Rescue Plan should have been recorded in a deferred revenue account rather than a revenue account, as this was unspent when received which is quite unusual for a federal grant issued to the city. It is our intention for future years to close the books in a more timely manner which will allow us to catch these types of issues as well as other adjustments that were identified during the audit.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

We noted no matters involving noncompliance that are required to be reported in accordance with the Uniform Guidance.

**CITY OF GULF BREEZE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2021**

There were no prior audit findings.

In accordance with Rules of the Auditor General 10.656(3)(d)5, no summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

MANAGEMENT LETTER

To the 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, (the City) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated April 7, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and 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 schedules, which are dated April 7, 2022, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report.

-160-

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

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 official title and legal authority for the City of Gulf Breeze, Florida and each component unit of the City has been disclosed in Note 1 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 has 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 review of financial information provided by the 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 communications.

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 note any such findings.

Purpose of this Letter

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



Pensacola, Florida
April 7, 2022

**INDEPENDENT ACCOUNTANT'S 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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City of Gulf Breeze, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



Pensacola, Florida
April 7, 2022