

*The City of Gulf Breeze
Comprehensive Annual
Financial Report
For the Fiscal Year ending
September 30, 2020*

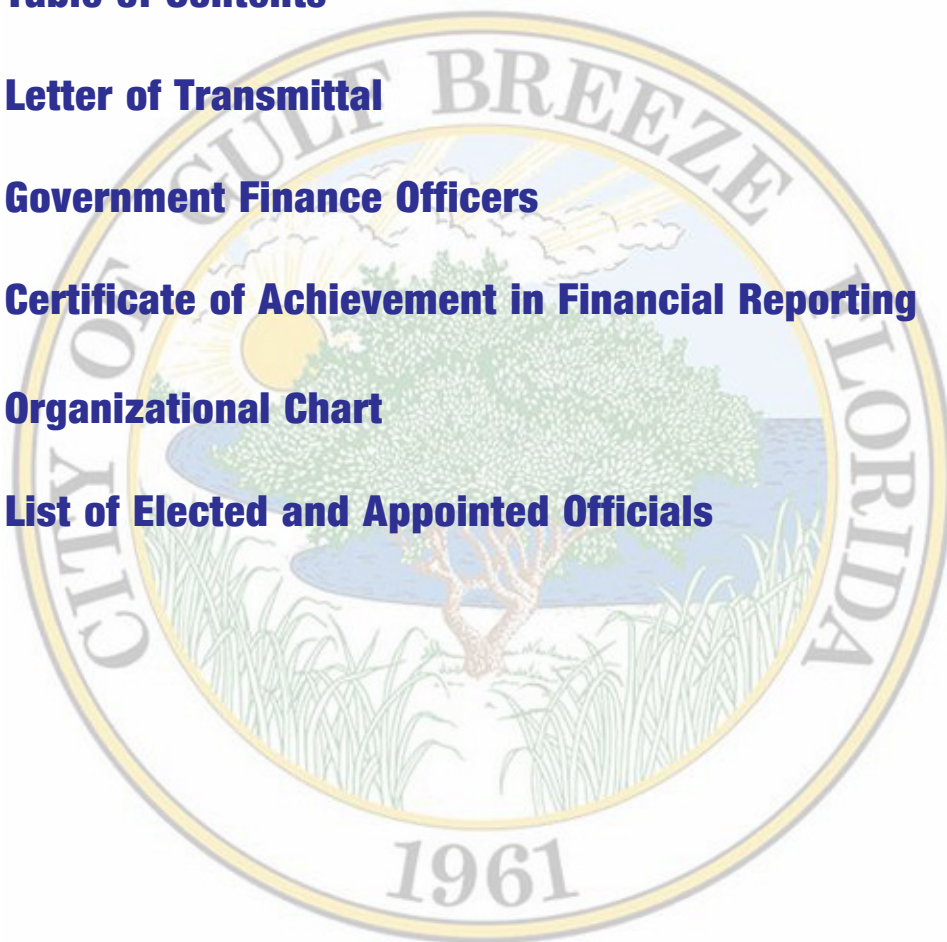
Comprehensive Annual Financial Report

**The City of Gulf Breeze, Florida
Year Ended September 30, 2020**

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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SEPTEMBER 30, 2020
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City of Gulf Breeze

May 26, 2021

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, 2020.

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.

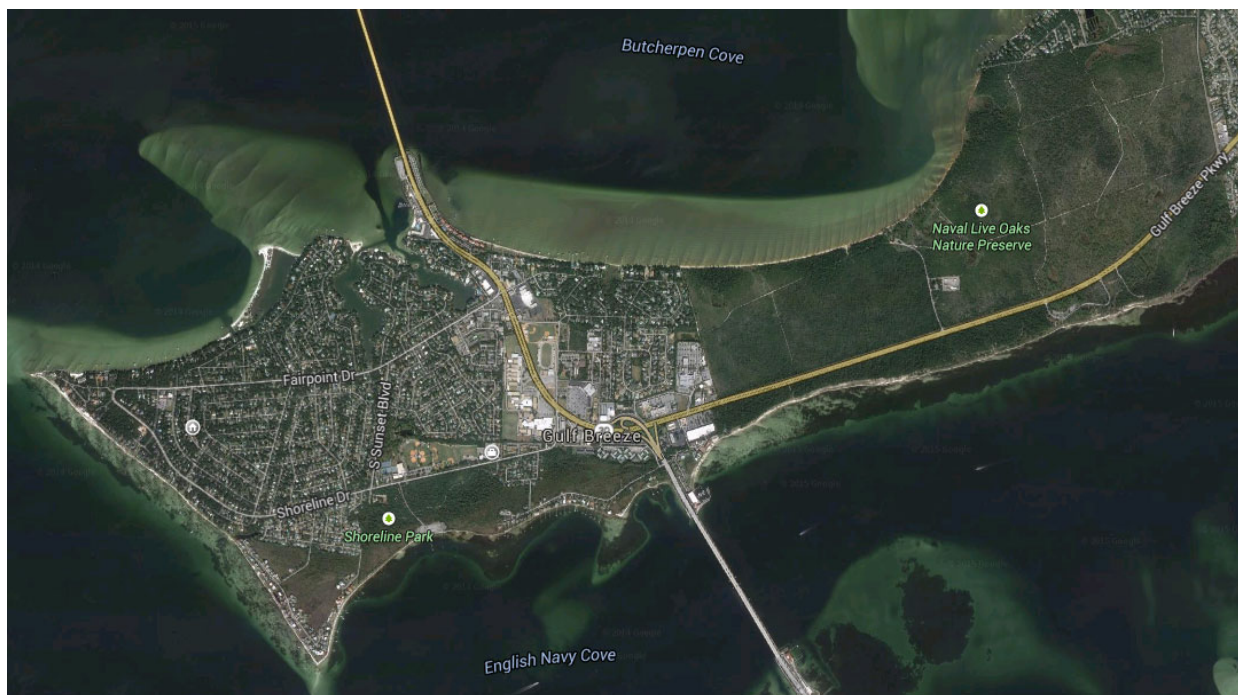
Saltmarsh, Cleaveland & Gund, PA, a firm of certified public accountants, has audited the City of Gulf Breeze’s (the City) financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting 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, 2020, 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 147 total employees with 110 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. 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 Comprehensive Plan, Most Livable City Plan, and Capital Improvement Plan.

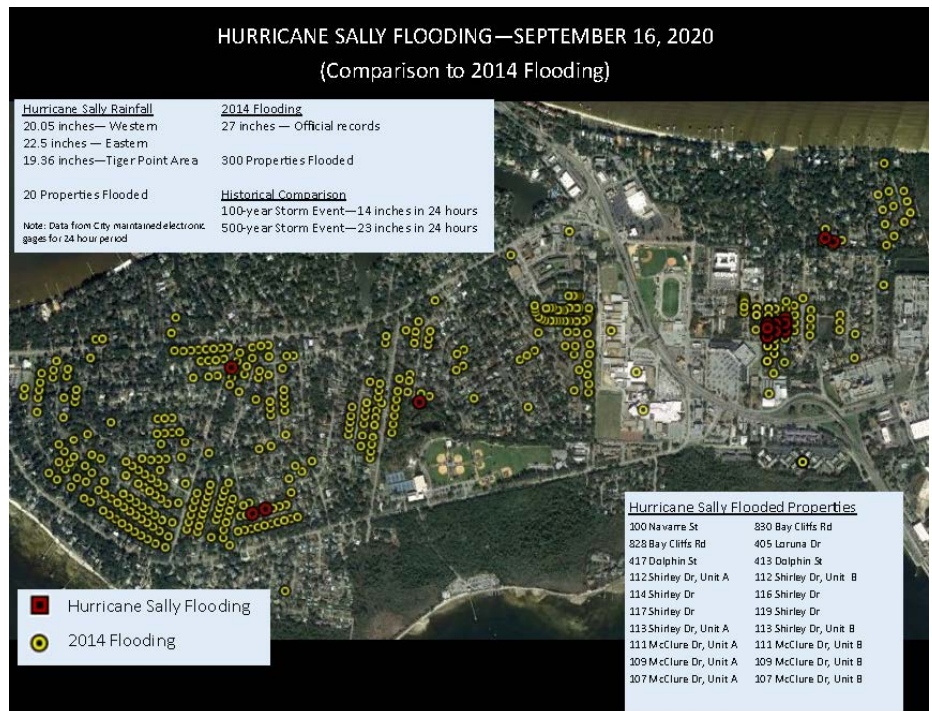
The purpose of the Comprehensive Plan is to help manage the socio-economic growth, development, and redevelopment of the city. Recommended strategies to accomplish the goals of the Comprehensive Plan are organized by plan element to create a five-year implementation plan.

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. Last June 29th, 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

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.

Pensacola Bay Bridge Closure

Late on September 15th, twenty-eight barges in the Pensacola Bay broke loose due to heavy surf. Five of the barges washed up near downtown Pensacola, one in Gulf Breeze, another collided with a maritime vessel. Garcon Point Bridge was struck by two barges with one lodging itself underneath the Bridge. Another barge lodged itself beneath the Pensacola Bay Bridge. The next morning, a crane fell onto the same bridge destroying a portion of the roadway. The Florida Department of Transportation was unable to assess any possible damage to the bridge due to ongoing high winds. The Bob Sikes Bridge was structurally compromised due to serious storm washout. The Bob Sikes Bridge was repaired within a week. The Pensacola Bay Bridge remains closed seven months later, devastating small businesses in Gulf Breeze already hard hit by the Covid-19 pandemic.

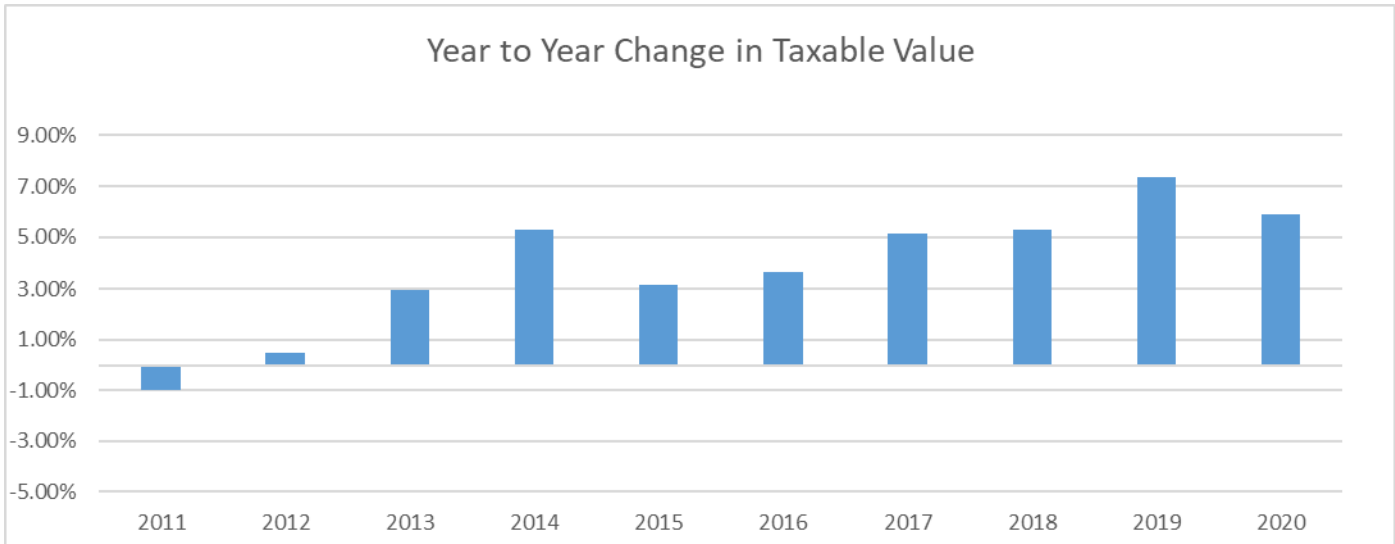
The Pensacola Bay Bridge, US Hwy98, no longer connects Escambia and Santa Rosa counties which includes Pensacola and Gulf Breeze. Prior to the bridge destruction, the average trip from the Gulf Breeze Hospital to downtown Pensacola, 6.6 miles, was 15 minutes; the same two destination points is now 35 miles on average and takes approximately 65 minutes. Daily commuters now face an additional 1.5 hours of travel time per day. Per FDOT Traffic Online, US Hwy98 hosted 57,000 vehicle trips per day in 2019 moving people and goods across Pensacola Bay. The additional travel time for commuters increases gasoline costs and vehicular maintenance while reducing quality of life. Based on \$0.56/mile (IRS mileage rate), the vehicular cost times 35 miles multiplied by 2 trips per day equals \$39.20 per day cost, compared to approximately \$7.40 previously.



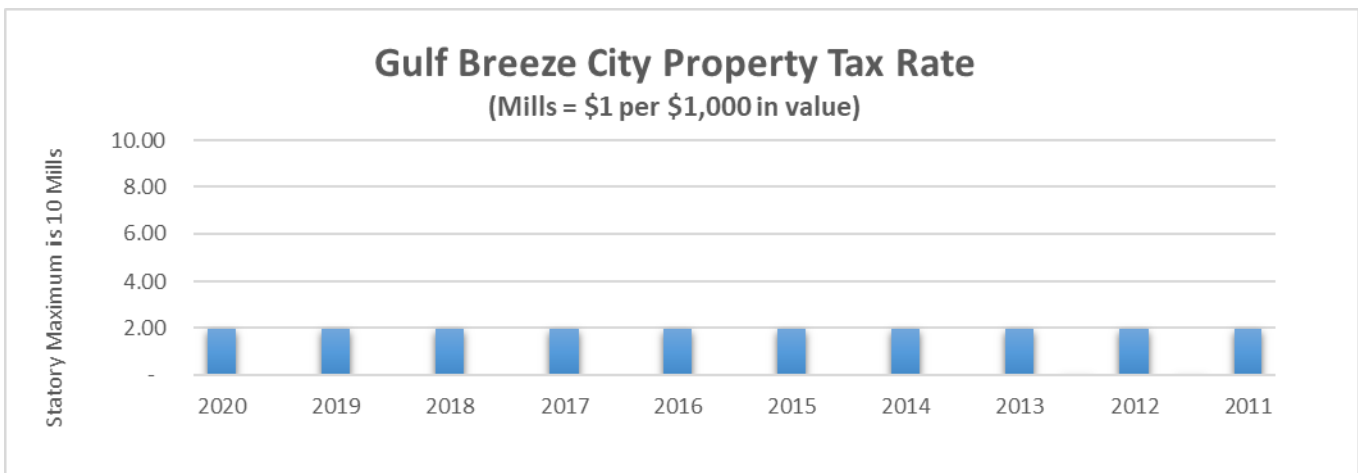
Covid-19 Global Pandemic

In response to COVID-19, the City has utilized its emergency fund and significantly reduced spending by cancelling programs and freezing new hires in some instances. The City has seen revenues rise and fall due to the uneven nature of this recession coupled with the Hurricane Sally recovery, but by and large the pandemic has hampered the City's ability to attract nonlocal spending.

Property Values



There was a 5.89% increase in assessed City property value in 2020, following consecutive increases of 7.4%, 5.3%, 5.1%, 3.6%, 3.1%, 5.3%, and 2.9% in 2019, 2018, 2017, 2016, 2015, 2014 and 2013, respectively, following consecutive decreases of 0.5% and -1%, in 2012 and 2011 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 Hwy 98 improvements, and the study and redesign of the 399 overpass as well as multi-modal overpass and trail system.

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gulf Breeze for its comprehensive annual financial report for the fiscal year ended September 30, 2019. That was the 18th consecutive year that the government had achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This Certificate of Achievement is valid for one year. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting this year's report to the GFOA to determine its eligibility for a certificate for the 19th consecutive year.

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

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

We would also like to acknowledge the accounting firm of 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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

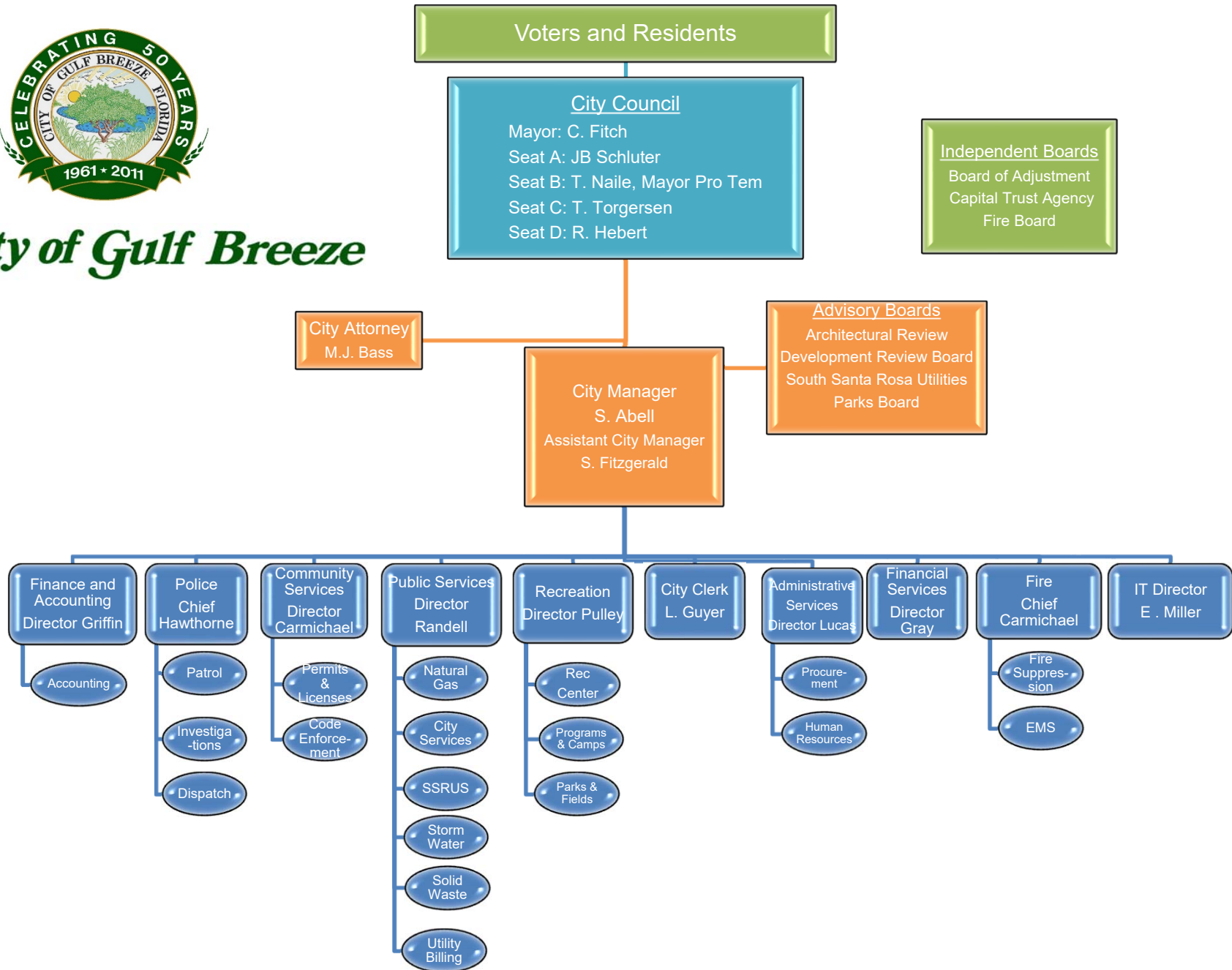
Christopher P. Morill

Executive Director/CEO

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City of Gulf Breeze



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City of Gulf Breeze

As of September 30, 2020

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

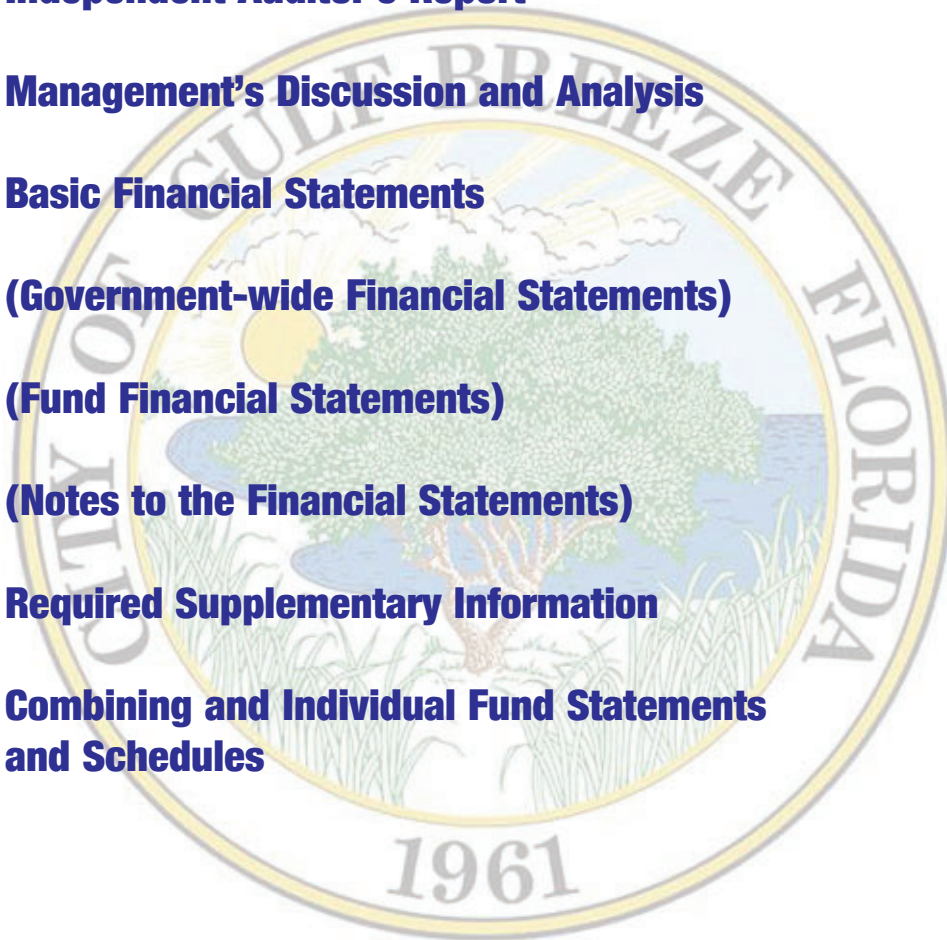
City Manager: Samantha Abell

City Attorney: Mary Jane Bass

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II. Financial Section

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



INDEPENDENT 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, 2020, 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, 2020, 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 May 26, 2021, 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
May 26, 2021

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**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

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, 2020. 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 \$55,591,849 (net position). Of this amount \$28,528,580 (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 \$3,070,502 or approximately 30.4% and the business-type total unrestricted net position increased by \$2,934,598 or approximately 15.8%.
- The City's total net position increased by \$1,106,116 or approximately 2% above the prior fiscal year.
- The governmental funds of the City reported combined ending fund balances of \$10,148,861, a decrease of \$3,099,510 or 23.4%, as total revenues of \$8,508,693 minus total other financing uses of \$1,215,829, were less than the total expenditures of \$10,392,374.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,139,414 or approximately 79% of the total General Fund expenditures for the year ended September 30, 2020.
- The City's total assets and deferred outflows increased by \$2,539,073 or 3.2% over the prior year.
- The City increased the total net investment in capital assets by \$1,585,172 or 6.9%.
- The City's total liabilities and deferred inflows increased \$2,321,171 or 8.2% 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, 2020
(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, storm water 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 five individual governmental funds (General Fund, Urban Core Redevelopment 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, 2020
(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 27-32 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; stormwater services; 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, Stormwater Management Fund and Innerarity Point Utilities Fund. The City's Water & Sewer Fund, Natural Gas Fund, SSRUS Water & Sewer Fund, Stormwater Management 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 43-100 of this report.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(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 101-108 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 109-117 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 \$55,591,849 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, 2020
(Continued)**

**TABLE 1
CITY OF GULF BREEZE, FLORIDA
NET POSITION
AS OF SEPTEMBER 30, 2020 AND 2019**

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 12,020,593 | \$ 14,442,588 | \$ 25,001,341 | \$ 21,640,851 | \$ 37,021,934 | \$ 36,083,439 |
| Capital assets | 14,126,406 | 14,395,135 | 33,599,568 | 30,724,545 | 47,725,974 | 45,119,680 |
| Total assets | <u>26,146,999</u> | <u>28,837,723</u> | <u>58,600,909</u> | <u>52,365,396</u> | <u>84,747,908</u> | <u>81,203,119</u> |
| Deferred outflows | 1,530,648 | 1,448,042 | - | 200,108 | 1,530,648 | 1,648,150 |
| Total assets and deferred outflows | <u>\$ 27,677,647</u> | <u>\$ 30,285,765</u> | <u>\$ 58,600,909</u> | <u>\$ 52,565,504</u> | <u>\$ 86,278,556</u> | <u>\$ 82,851,269</u> |
| Non-current liabilities | \$ 7,434,821 | \$ 7,445,602 | \$ 15,420,236 | \$ 14,151,816 | \$ 22,855,057 | \$ 21,597,418 |
| Current liabilities | 2,031,496 | 1,080,293 | 4,640,052 | 4,382,648 | 6,671,548 | 5,462,941 |
| Total liabilities | <u>9,466,317</u> | <u>8,525,895</u> | <u>20,060,288</u> | <u>18,534,464</u> | <u>29,526,605</u> | <u>27,060,359</u> |
| Deferred inflows | 1,160,102 | 1,265,033 | - | 40,144 | 1,160,102 | 1,305,177 |
| Total liabilities and deferred inflows | <u>10,626,419</u> | <u>9,790,928</u> | <u>20,060,288</u> | <u>18,574,608</u> | <u>30,686,707</u> | <u>28,365,536</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 7,443,163 | 7,475,882 | 17,014,358 | 15,396,467 | 24,457,521 | 22,872,349 |
| Restricted | 2,577,468 | 2,917,856 | 28,280 | 31,044 | 2,605,748 | 2,948,900 |
| Unrestricted | 7,030,597 | 10,101,099 | 21,497,983 | 18,563,385 | 28,528,580 | 28,664,484 |
| Total net position | <u>17,051,228</u> | <u>20,494,837</u> | <u>38,540,621</u> | <u>33,990,896</u> | <u>55,591,849</u> | <u>54,485,733</u> |
| Total liabilities and net position | <u>\$ 27,677,647</u> | <u>\$ 30,285,765</u> | <u>\$ 58,600,909</u> | <u>\$ 52,565,504</u> | <u>\$ 86,278,556</u> | <u>\$ 82,851,269</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 \$24,457,521 (44% of total net position) at September 30, 2020. 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 \$2,605,748 or 4.7% of total net position, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$28,528,580 (51.3% 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, 2020
(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.

Governmental Activities - Governmental activities before transfers decreased the City's net position by \$2,214,180. The key elements of this change are reported in Table 2A, below.

| | Governmental Activities | | Year over year change | |
|---|-------------------------|---------------------|-----------------------|----------------|
| | 2020 | 2019 | \$ Amount | Pct of 2019 |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 1,111,456 | \$ 1,391,172 | \$ (279,716) | -20.1% |
| Operating grants and contributions | 649,954 | 402,586 | 247,368 | 61.4% |
| Contributions from component unit | 1,000,000 | 1,500,000 | (500,000) | -33.3% |
| General revenues: | | | | |
| Property taxes | 2,531,028 | 2,255,487 | 275,541 | 12.2% |
| Other taxes | 2,018,865 | 2,032,232 | (13,367) | -0.7% |
| Intergovernmental revenues | 991,793 | 939,971 | 51,822 | 5.5% |
| Gain (loss) on sale of capital assets | (25,690) | 5,883 | (31,573) | -536.7% |
| Miscellaneous | 93,943 | 148,044 | (54,101) | -36.5% |
| Investment earnings | 111,654 | 172,634 | (60,980) | -35.3% |
| Total revenues | 8,483,003 | 8,848,009 | (365,006) | -4.1% |
| Expenses: | | | | |
| Governmental activities: | | | | |
| General government | 2,966,666 | 2,277,727 | 688,939 | 30.2% |
| Public safety | 3,647,928 | 3,614,370 | 33,558 | 0.9% |
| Transportation | 1,083,492 | 1,143,987 | (60,495) | -5.3% |
| Economic environment | 413,228 | 336,300 | 76,928 | 22.9% |
| Culture and recreation | 2,262,678 | 2,567,123 | (304,445) | -11.9% |
| Debt service interest | 323,191 | 334,785 | (11,594) | -3.5% |
| Total expenses | 10,697,183 | 10,274,292 | 422,891 | 4.1% |
| Change in net position before transfers | (2,214,180) | (1,426,283) | (787,897) | 55.2% |
| Transfers | (1,229,429) | 997,595 | (2,227,024) | -223.2% |
| Change in net position | \$ (3,443,609) | \$ (428,688) | \$ (3,014,921) | -703.3% |

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)**

For comparative purposes, total revenues for government activities decreased \$365,006 or 4.1% over the prior fiscal year. The largest portion of this decrease is related to contributions from component unit, which decreased by \$500,000 over the prior year or approximately 33.3%. The CTA is reported as a discretely presented component unit of the City and issues separate financial statements. The funding received for the fiscal year ending September 30, 2020, decreased from \$1,500,000 in the prior fiscal year to \$1,000,000. 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 \$275,541 or 12.2%, with the total City tax levy increasing by 5.6% and with a 102% collection rate for the fiscal year. Intergovernmental revenues increased by \$51,822 or 5.5%, primarily from County gasoline taxes. Other taxes decreased by \$13,367 or only 0.7%, with the decreased revenues due to the communication service taxes. Operating grants increased by \$247,368 or 61.4% primarily related to increased federal grants and state Department for Environmental Protection grants.

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, 2020
(Continued)**

The City invested \$3.5 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, 2020 fiscal year, the City had approximately \$2.1 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 \$71,124 in interest income for the September 30, 2020 fiscal year of the total \$111,654 in earnings. The overall investment earnings decreased \$60,980 or 35.3% over the prior fiscal year.

The City experienced decreases in charges for services, \$279,716 or 20.1%, which can be attributed to the cancellation of recreation/community center programs as a result of the COVID-19 pandemic.

The corresponding total expenses increased \$422,891 or approximately 4.1% over the prior year.

The largest spending portion of the governmental activity increase is approximately \$688,939 or 30.2% related to general government. This increase is due to expenses incurred related to Hurricane Sally.

The largest governmental activity decrease in spending is \$304,445 or 11.9% related to culture and recreation as a result of the COVID-19 pandemic.

Transportation expenses decreased \$60,495 or 5.3% primarily due to a decrease in street repair and paving project during 2020. Economic environment expenses increased \$76,928 or 22.9%, primarily related to projects within the tax increment financing district (TIF). Public safety expenses increased \$33,558 or 0.9%. The governmental expenses related to debt service interest decreased \$11,594 or 3.5% related to the outstanding 2007 revenue improvement bond.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)**

Business-Type Activities - Business-type activities increased the City's net position by \$3,320,296 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, 2020 AND 2019**

| | Business-type Activities | | Year over year change | |
|---|--------------------------|---------------------|-----------------------|--------------|
| | 2020 | 2019 | \$ Amount | Pct of 2019 |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services - | | | | |
| Water and sewer | \$ 2,720,911 | \$ 2,711,322 | \$ 9,589 | 0.4% |
| Natural gas | 2,949,615 | 3,048,149 | (98,534) | -3.2% |
| South Santa Rosa Utility | 6,518,867 | 6,165,315 | 353,552 | 5.7% |
| Tiger Point Golf Course | 1,554,015 | 1,435,469 | 118,546 | 8.3% |
| Solid waste control | 839,642 | 841,055 | (1,413) | -0.2% |
| Stormwater management | 458,084 | 440,406 | 17,678 | 4.0% |
| Gulf Breeze Financial Services | 50,588 | 51,583 | (995) | -1.9% |
| Innerarity Point | 37,617 | 58,508 | (20,891) | -35.7% |
| Total charges for services | <u>15,129,339</u> | <u>14,751,807</u> | <u>377,532</u> | <u>2.6%</u> |
| Capital grants and contributions | 3,569,878 | 2,325,462 | 1,244,416 | 53.5% |
| General revenues: | | | | |
| Other revenues | 785,940 | 722,128 | 63,812 | 8.8% |
| Gain from sale of capital assets | 6,419 | 1,479,082 | (1,472,663) | 100.0% |
| Investment earnings | 347,336 | 659,090 | (311,754) | -47.3% |
| Total revenues | <u>19,838,912</u> | <u>19,937,569</u> | <u>(98,657)</u> | <u>-0.5%</u> |
| Expenses: | | | | |
| Business-type activities: | | | | |
| Water and sewer | 2,513,018 | 2,295,977 | 217,041 | 9.5% |
| Natural gas | 2,513,805 | 2,444,999 | 68,806 | 2.8% |
| SSRUS utilities | 7,806,296 | 6,221,091 | 1,585,205 | 25.5% |
| Tiger Point Golf Course | 1,985,504 | 2,190,510 | (205,006) | -9.4% |
| Solid waste control | 880,359 | 693,248 | 187,111 | 27.0% |
| Stormwater management | 570,162 | 511,330 | 58,832 | 11.5% |
| Gulf Breeze Financial Services | 240,887 | 247,735 | (6,848) | -2.8% |
| Innerarity Point | 8,585 | 16,499 | (7,914) | -48.0% |
| Total expenses | <u>16,518,616</u> | <u>14,621,389</u> | <u>1,897,227</u> | <u>13.0%</u> |
| Change in net position before transfers | 3,320,296 | 5,316,180 | (1,995,884) | -37.5% |
| Transfers | 1,229,429 | (997,595) | (2,227,024) | -223.2% |
| Change in net position | <u>\$ 4,549,725</u> | <u>\$ 4,318,585</u> | <u>\$ 231,140</u> | <u>5.4%</u> |

CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

In the fiscal year ending September 30, 2020, revenues related to charges for services for the business-type activities increased by approximately \$377,532 or 2.6% over the prior fiscal year. The largest part of this increase is revenues generated by the South Santa Rosa Utility Fund which increased by \$353,552 or 5.7% over the prior fiscal year. This increase is due to a 2% rate increase coupled with new customers and increased water usage due to work/school from home because of COVID-19.

The water and sewer charges inside the City limits increased \$9,589 above the prior year or approximately 0.4%. This modest increase is related to having a stable base of customers. The natural gas operations decreased \$98,534 or 3.2%. This decrease is due to lower consumption gas during the year. The Tiger Point Golf Course revenues increased by \$118,546 or 8.3% all associated with increased golf-play. The Solid Waste Fund charges decrease of \$1,413 or 0.2% is minimal. Charges for services by GBFS decrease of by \$995 or 1.9% below the prior year is minimal. The decrease related to Innerarity Point of \$20,891 or 35.7% is the result of lower usage during the year.

Capital grants and contributions increased \$1,244,416 or 53.5% over the prior fiscal. This increase is primarily related to increased requests for sewer taps outside of the City limits. Other revenues for business-type activities increased by approximately \$63,812 or 8.8% over the prior fiscal year. The largest decrease is \$1,472,663 or 100% and is related to the 2019 gain on the sale of the Tiger Point Golf Course driving range.

The enterprise investment earnings decreased \$311,754 or 47.3%, with total earnings of \$347,336. Included in this amount is \$261,994 or 75.4% 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, \$85,342 or 24.6%, 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 increased \$1,897,227 or 13% over the prior fiscal year. The majority of this increase \$1,585,205 or 83.6% is related to South Santa Rosa Utility.

There were other increases related to expenditures in the water and sewer services inside the City which increased \$217,041 or 9.5%; increases to the Natural Gas Fund of \$68,806 or 12.8%, both are primarily operational in nature. The Tiger Point Golf Course expenses decreased \$205,006 or 9.4%, the majority of this decrease is related to the sale of the driving range in fiscal year 2019.

The expenses associated with the Solid Waste Fund increased by \$187,111 or 27%, related to additional personnel manning the transfer station and allocation of internal costs. The Stormwater Management Fund expenses increased by \$58,832 or 11.5%, which are attributed to an increase in personnel. Innerarity Point expenses decreased \$7,914 or 48%.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(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, 2020 AND 2019**

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,111,456 | \$ 1,391,172 | \$ 15,129,339 | \$ 14,751,807 | \$ 16,240,795 | \$ 16,142,979 |
| Operating grants and contributions | 649,954 | 402,586 | - | - | 649,954 | 402,586 |
| Contributions from component unit | 1,000,000 | 1,500,000 | - | - | 1,000,000 | 1,500,000 |
| Capital grants and contributions | - | - | 3,569,878 | 2,325,462 | 3,569,878 | 2,325,462 |
| General revenues: | | | | | | |
| Property taxes | 2,531,028 | 2,255,487 | | | 2,531,028 | 2,255,487 |
| Other taxes | 2,018,865 | 2,032,232 | | | 2,018,865 | 2,032,232 |
| Intergovernmental revenues | 991,793 | 939,971 | | | 991,793 | 939,971 |
| Gain on sale of capital assets | (25,690) | 5,883 | 6,419 | 1,479,082 | (19,271) | 1,484,965 |
| Miscellaneous | 93,943 | 148,044 | 785,940 | 722,128 | 879,883 | 870,172 |
| Investment earnings | 111,654 | 172,634 | 347,336 | 659,090 | 458,990 | 831,724 |
| Total revenues | 8,483,003 | 8,848,009 | 19,838,912 | 19,937,569 | 28,321,915 | 28,785,578 |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| General government | 2,966,666 | 2,277,727 | - | - | 2,966,666 | 2,277,727 |
| Public safety | 3,647,928 | 3,614,370 | - | - | 3,647,928 | 3,614,370 |
| Transportation | 913,763 | 1,143,987 | - | - | 913,763 | 1,143,987 |
| Economic environment | 413,228 | 336,300 | - | - | 413,228 | 336,300 |
| Culture and recreation | 2,262,678 | 2,567,123 | - | - | 2,262,678 | 2,567,123 |
| Debt service interest | 323,191 | 334,785 | - | - | 323,191 | 334,785 |
| Business-type activities: | | | | | | |
| Water and sewer | - | - | 2,513,018 | 2,295,977 | 2,513,018 | 2,295,977 |
| Natural gas | - | - | 2,513,805 | 2,444,999 | 2,513,805 | 2,444,999 |
| SSRUS utilities | - | - | 7,806,296 | 6,221,091 | 7,806,296 | 6,221,091 |
| Tiger Point Golf Course | - | - | 1,985,504 | 2,190,510 | 1,985,504 | 2,190,510 |
| Solid waste control | - | - | 880,359 | 693,248 | 880,359 | 693,248 |
| Stormwater management | - | - | 570,162 | 511,330 | 570,162 | 511,330 |
| Gulf Breeze Financial Services | - | - | 240,887 | 247,735 | 240,887 | 247,735 |
| Innerarity Point | - | - | 8,585 | 16,499 | 8,585 | 16,499 |
| Total expenses | 10,527,454 | 10,274,292 | 16,518,616 | 14,621,389 | 27,046,070 | 24,895,681 |
| Change in net position before transfers | (2,044,451) | (1,426,283) | 3,320,296 | 5,316,180 | 1,275,845 | 3,889,897 |
| Transfers | (1,229,429) | 997,595 | 1,229,429 | (997,595) | - | - |
| Change in net position | (3,273,880) | (428,688) | 4,549,725 | 4,318,585 | 1,275,845 | 3,889,897 |
| Net position, beginning of year Unadjusted | 20,494,837 | 20,923,525 | 33,990,896 | 29,672,311 | 54,485,733 | 50,595,836 |
| Net Position, as of September 30 | \$ 17,220,957 | \$ 20,494,837 | \$ 38,540,621 | \$ 33,990,896 | \$ 55,761,578 | \$ 54,485,733 |

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,392,374, which represents a decrease of \$2,855,841 or 21.6% in comparison with the prior year. Definitions related to fund balance classifications can be found in the notes to the financial statements.

At September 30, 2020, the governmental funds have a total of \$2,577,468 restricted for the following purposes:

| | |
|---------------------------------|-------------|
| Economic Development | \$1,536,112 |
| Debt service requirements | \$216,189 |
| Infrastructure & improvements | \$637,525 |
| Public safety related projects. | \$187,642 |

At September 30, 2020, the governmental funds have a total of \$288,272 committed for the following purposes:

| | |
|-------------------------------------|-----------|
| Insurance Reserve | \$250,000 |
| Beautification projects/landscaping | \$13,354 |
| Park projects | \$24,481 |
| Utility payment assistance | \$437 |

At September 30, 2020, 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, 2020
(Continued)**

Approximately 70.4% or \$7,139,414 of the governmental fund balances remain unassigned by the government and \$27,558 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 \$7,139,414 represents 79% of the total General Fund expenditures of \$9,037,774 at the fiscal year ending September 30, 20.

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 \$1,153,639 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, 2020
(Continued)**

Unrestricted net position of the proprietary funds of the City of Gulf Breeze totaled \$21,497,983 at the end of the fiscal year, which represents an increase of \$2,934,598 above the prior fiscal year. The following table illustrates the unrestricted net position for proprietary funds at fiscal year ended September 30, 2020 and 2019.

| | | FY 2020 | | FY 2019 |
|--|-----------|-------------------|-----------|-------------------|
| Water & Sewer Fund | \$ | 1,850,633 | \$ | 1,582,297 |
| Natural Gas Fund | | (122,579) | | (756,087) |
| South Santa Rosa Utility Services | | 9,467,757 | | 8,375,576 |
| Stormwater Management | | 380,044 | | (542,454) |
| Gulf Breeze Financial Services | | 9,866,008 | | 9,790,385 |
| Non-major Proprietary Funds | | 56,120 | | 113,668 |
| Total Unrestricted Net Position | \$ | 21,497,983 | \$ | 18,563,385 |

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final amended budget for the fiscal year is \$10,549,618 and actual expenditures were \$9,037,774, for a difference of \$1,511,844. 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, 2020, was adopted by Council on November 4, 2020. 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 \$146,682. 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 \$6,757,511 budget for the fiscal year ending September 30, 2020.

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)**

The highlights of the budgetary changes are as follows:

The original fiscal year General Fund adopted budget was \$9,890,540 and the final amended budget was \$10,549,618, for a difference of \$659,078 or approximately 6.7% 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 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 | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 1,646,909 | \$ 1,646,909 | \$ 4,133,844 | \$ 4,133,844 | \$ 5,780,753 | \$ 5,780,753 |
| Construction in progress | 804,620 | 793,772 | 4,165,701 | 1,911,479 | 4,970,321 | 2,705,251 |
| Buildings and improvements | 12,514,593 | 12,630,238 | 2,924,793 | 2,924,793 | 15,439,386 | 15,555,031 |
| Improvements other than buildings | 17,128,742 | 16,045,027 | 10,405,181 | 8,536,703 | 27,533,923 | 24,581,730 |
| Infrastructure | 1,077,264 | 1,077,264 | 53,366,484 | 52,066,117 | 54,443,748 | 53,143,381 |
| Machinery and equipment | 6,988,187 | 6,743,659 | 8,226,956 | 7,879,878 | 15,215,143 | 14,623,537 |
| Accumulated depreciation | (26,033,909) | (24,541,734) | (49,623,391) | (46,728,269) | (75,657,300) | (71,270,003) |
| Total | \$ 14,126,406 | \$ 14,395,135 | \$ 33,599,568 | \$ 30,724,545 | \$ 47,725,974 | \$ 45,119,680 |

**CITY OF GULF BREEZE, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)**

The increase in the City of Gulf Breeze’s total investment in capital assets for the current fiscal year was \$6,993,594 or approximately 6% above the prior year total investment. The accumulated depreciation related to capital assets increased \$4,387,300 or 6.2% above the prior fiscal year. Overall, the total investment in capital assets increased by \$2,606,294 or 5.8% (net investment less depreciation). As components of this change, government assets increased by \$1,223,446 for a 3.1% increase and accumulated depreciation increased \$1,492,175 or 6.1%, for a total decrease in investment of fixed assets of \$268,729 or 1.9%. Business-type assets increased \$5,770,148 or 7.4% above the prior year total investment and accumulated depreciation increased \$2,895,125 or 6.2% for a total combined increase of \$2,875,023 or 9.4%. Several projects were delayed due to limited staff related to COVID-19 work restrictions. 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 2021;
- 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, 2020
(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 \$20,046,343. 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 | |
|--------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenue bonds | \$ 6,436,843 | \$ 6,681,653 | \$ 10,903,053 | \$ 10,471,918 | \$ 17,339,896 | \$ 17,153,571 |
| State revolving loan | - | - | 628,959 | 676,423 | 628,959 | 676,423 |
| Notes payable | - | - | 1,517,425 | - | 1,517,425 | - |
| Capital lease obligation | - | - | 2,077,488 | 2,476,774 | 2,077,488 | 2,476,774 |
| Unearned revenue | - | - | 23,751 | 20,816 | 23,751 | 20,816 |
| Compensated absences | 286,145 | 267,492 | 211,112 | 149,221 | 497,257 | 416,713 |
| Total | <u>\$ 6,722,988</u> | <u>\$ 6,949,145</u> | <u>\$ 15,361,788</u> | <u>\$ 13,795,152</u> | <u>\$ 22,084,776</u> | <u>\$ 20,744,297</u> |

The business-type revenue bonds balance increased largely due to the issuance of the \$1,350,000 2020 Stormwater Improvement Revenue Bond. 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, 2020
(Continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Total assessed property values within the City increased approximately 5.9% over the prior tax year from \$868,739,730 to \$919,907,098.
- Per capita income increased from \$53,157 to \$56,665 or approximately 6.6% above the prior fiscal year.
- Budgeted capital expenditures increased approximately 60.6% from approximately \$6.6 million in fiscal year ending September 30, 2019 to \$10.6 million for fiscal year ending September 30, 2020.
- Most capital have been deferred to fiscal year 2021.

Major capital projects for the upcoming fiscal year include:

- Law enforcement \$426,400.
 - CRA \$1,064,600
 - Streets \$3,209,400
 - Natural Gas \$477,435
 - Water/Sewer \$335,000
- 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, 2020
(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, 2020**

Exhibit I

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|----------------------|--|
| | Governmental Activities | Business-type Activities | Total | Capital Trust Agency and Subsidiary |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 2,771,224 | \$ 7,842,394 | \$ 10,613,618 | \$ 5,770,105 |
| Investments | 1,839,257 | 9,598,312 | 11,437,569 | - |
| Receivables, net | 236,626 | 1,887,271 | 2,123,897 | 67,083 |
| Interfund receivables (payables) | 3,839,000 | (3,839,000) | - | - |
| Due from other governments | 278,389 | 1,834,188 | 2,112,577 | - |
| Note receivable from joint venture | - | 17,489 | 17,489 | - |
| Prepaid items | 16,923 | - | 16,923 | - |
| Inventory, at cost | 10,635 | 357,077 | 367,712 | - |
| Restricted assets | | | | |
| Cash and cash equivalents | 2,801,635 | 2,470,828 | 5,272,463 | - |
| Total current assets | <u>11,793,689</u> | <u>20,168,559</u> | <u>31,962,248</u> | <u>5,837,188</u> |
| Non-Current Assets: | | | | |
| Restricted assets | | | | |
| Cash and cash equivalents | - | 260,932 | 260,932 | - |
| Other assets | | | | |
| Investment in limited liability company | - | 21,991 | 21,991 | - |
| Bond issuance costs, net | - | 68,637 | 68,637 | - |
| Investment in joint venture | - | 4,184,994 | 4,184,994 | - |
| Advance to joint venture | - | 226,272 | 226,272 | - |
| Note receivable from joint venture | - | 69,956 | 69,956 | - |
| Net pension asset | 226,904 | - | 226,904 | - |
| Capital assets | | | | |
| Non-depreciable | 2,451,529 | 8,299,545 | 10,751,074 | - |
| Depreciable | 11,674,877 | 25,300,023 | 36,974,900 | - |
| Total non-current assets | <u>14,353,310</u> | <u>38,432,350</u> | <u>52,785,660</u> | <u>-</u> |
| Total Assets | <u>26,146,999</u> | <u>58,600,909</u> | <u>84,747,908</u> | <u>5,837,188</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pensions | 1,530,648 | - | 1,530,648 | - |
| Total Assets and Deferred Outflows | <u>\$ 27,677,647</u> | <u>\$ 58,600,909</u> | <u>\$ 86,278,556</u> | <u>\$ 5,837,188</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | \$ 1,492,422 | \$ 1,722,221 | \$ 3,214,643 | \$ 11,250 |
| Accrued liabilities | 134,883 | 174,952 | 309,835 | - |
| Accrued interest | - | 25,033 | 25,033 | - |
| Due to other governments | 17,679 | 846 | 18,525 | 170,014 |
| Compensated absences | 33,723 | 40,557 | 74,280 | - |
| Notes payable | - | 146,749 | 146,749 | - |
| State revolving loan payable | - | 47,464 | 47,464 | - |
| Revenue bonds payable | - | 386,535 | 386,535 | - |
| Capital lease payable | - | 399,285 | 399,285 | - |
| Payable from restricted assets | | | | |
| Accrued interest | 106,389 | 225,515 | 331,904 | - |
| Customer deposits | - | 992,643 | 992,643 | - |
| Revenue bonds payable | 246,400 | 478,252 | 724,652 | - |
| Total current liabilities | <u>2,031,496</u> | <u>4,640,052</u> | <u>6,671,548</u> | <u>181,264</u> |
| Non-current liabilities: | | | | |
| Unearned revenue | - | 23,751 | 23,751 | 61,520 |
| Compensated absences | 286,145 | 211,112 | 497,257 | - |
| Notes payable | - | 1,517,425 | 1,517,425 | - |
| State revolving loan payable | - | 628,959 | 628,959 | - |
| Revenue bonds payable | 6,436,843 | 10,903,053 | 17,339,896 | - |
| Capital lease payable | - | 2,077,488 | 2,077,488 | - |
| Net pension liability | 656,517 | - | 656,517 | - |
| Net other postemployment benefits (OPEB) liability | 55,316 | 58,448 | 113,764 | - |
| Total non-current liabilities | <u>7,434,821</u> | <u>15,420,236</u> | <u>22,855,057</u> | <u>61,520</u> |
| Total Liabilities | <u>9,466,317</u> | <u>20,060,288</u> | <u>29,526,605</u> | <u>242,784</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pensions | 1,160,102 | - | 1,160,102 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 7,443,163 | 17,014,358 | 24,457,521 | - |
| Restricted for: | | | | |
| Public safety | 187,642 | - | 187,642 | - |
| Community redevelopment | 1,536,112 | - | 1,536,112 | - |
| Debt service and other debt requirements | 216,189 | 28,280 | 244,469 | - |
| Infrastructure | 637,525 | - | 637,525 | - |
| Unrestricted: | | | | |
| Unassigned | 7,030,597 | 21,497,983 | 28,528,580 | 5,594,404 |
| Total Net Position | <u>17,051,228</u> | <u>38,540,621</u> | <u>55,591,849</u> | <u>5,594,404</u> |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$ 27,677,647</u> | <u>\$ 58,600,909</u> | <u>\$ 86,278,556</u> | <u>\$ 5,837,188</u> |

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

**CITY OF GULF BREEZE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

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 | \$ 2,966,666 | \$ 499,823 | \$ 1,117,231 | \$ - | \$ (1,349,612) | \$ - | \$ (1,349,612) | |
| Public safety | 3,647,928 | 490,999 | 338,844 | - | (2,818,085) | - | (2,818,085) | |
| Transportation | 1,083,492 | - | - | - | (1,083,492) | - | (1,083,492) | |
| Economic environment | 413,228 | - | - | - | (413,228) | - | (413,228) | |
| Culture and recreation | 2,262,678 | 120,634 | 193,879 | - | (1,948,165) | - | (1,948,165) | |
| Debt service interest | 323,191 | - | - | - | (323,191) | - | (323,191) | |
| Total governmental activities | <u>10,697,183</u> | <u>1,111,456</u> | <u>1,649,954</u> | <u>-</u> | <u>(7,935,773)</u> | <u>-</u> | <u>(7,935,773)</u> | |
| Business-type: | | | | | | | | |
| Water and sewer | 2,513,018 | 2,720,911 | - | 68,273 | - | 276,166 | 276,166 | |
| Natural gas | 2,513,805 | 2,949,615 | - | - | - | 435,810 | 435,810 | |
| South Santa Rosa Utility | 9,791,800 | 8,072,882 | - | 3,501,605 | - | 1,782,687 | 1,782,687 | |
| Solid waste control | 880,359 | 839,642 | - | - | - | (40,717) | (40,717) | |
| Stormwater management | 570,162 | 458,084 | - | - | - | (112,078) | (112,078) | |
| Gulf Breeze Financial Services | 240,887 | 50,588 | - | - | - | (190,299) | (190,299) | |
| Innerarity Point | 8,585 | 37,617 | - | - | - | 29,032 | 29,032 | |
| Total business-type activities | <u>16,518,616</u> | <u>15,129,339</u> | <u>-</u> | <u>3,569,878</u> | <u>-</u> | <u>2,180,601</u> | <u>2,180,601</u> | |
| Total primary government | <u>\$ 27,215,799</u> | <u>\$ 16,240,795</u> | <u>\$ 1,649,954</u> | <u>\$ 3,569,878</u> | <u>(7,935,773)</u> | <u>2,180,601</u> | <u>(5,755,172)</u> | |
| Capital Trust Agency and subsidiary | <u>\$ 1,885,487</u> | <u>\$ 2,632,416</u> | <u>\$ -</u> | <u>\$ -</u> | | | | <u>\$ 746,929</u> |
| General Revenues: | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes | | | | | 2,531,028 | - | 2,531,028 | - |
| Tourist development taxes | | | | | 260,273 | - | 260,273 | - |
| Fuel taxes | | | | | 225,447 | - | 225,447 | - |
| Franchise taxes | | | | | 427,835 | - | 427,835 | - |
| Communication service taxes | | | | | 325,497 | - | 325,497 | - |
| Utility service taxes | | | | | 779,813 | - | 779,813 | - |
| Intergovernmental, unrestricted | | | | | 991,793 | - | 991,793 | - |
| Gain (Loss) from sale of capital assets | | | | | (25,690) | 6,419 | (19,271) | - |
| Income from joint venture | | | | | - | 599,625 | 599,625 | - |
| Miscellaneous | | | | | 93,943 | 186,315 | 280,258 | - |
| Unrestricted investment earnings | | | | | 111,654 | 347,336 | 458,990 | 26,183 |
| Total general revenues | | | | | <u>5,721,593</u> | <u>1,139,695</u> | <u>6,861,288</u> | <u>26,183</u> |
| Transfers | | | | | <u>(1,229,429)</u> | <u>1,229,429</u> | <u>-</u> | <u>-</u> |
| Change in net position | | | | | <u>(3,443,609)</u> | <u>4,549,725</u> | <u>1,106,116</u> | <u>773,112</u> |
| Net position at beginning of year | | | | | <u>20,494,837</u> | <u>33,990,896</u> | <u>54,485,733</u> | <u>4,821,292</u> |
| Net position at end of year | | | | | <u>\$ 17,051,228</u> | <u>\$ 38,540,621</u> | <u>\$ 55,591,849</u> | <u>\$ 5,594,404</u> |

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

CITY OF GULF BREEZE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

Exhibit III - A

| | General | Urban Core Redevelopment | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------|------------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,394,301 | \$ - | \$ 376,923 | \$ 2,771,224 |
| Investments | 1,839,257 | - | - | 1,839,257 |
| Receivables, net | 236,126 | - | 500 | 236,626 |
| Interfund receivables | 4,090,172 | - | - | 4,090,172 |
| Due from other governments | 161,839 | 5,180 | 111,370 | 278,389 |
| Prepaid items | 16,923 | - | - | 16,923 |
| Inventory, at cost | 10,635 | - | - | 10,635 |
| Restricted assets | | | | |
| Cash and cash equivalents | 1,199,342 | 1,230,440 | 371,853 | 2,801,635 |
| Total Assets | \$ 9,948,595 | \$ 1,235,620 | \$ 860,646 | \$ 12,044,861 |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,392,076 | \$ 80,385 | \$ 19,961 | \$ 1,492,422 |
| Accrued liabilities | 131,568 | 1,596 | 1,719 | 134,883 |
| Interfund payables | - | - | 251,172 | 251,172 |
| Due to other governments | - | - | 17,679 | 17,679 |
| Total Liabilities | 1,523,644 | 81,981 | 290,531 | 1,896,156 |
| FUND BALANCES | | | | |
| Non-spendable | | | | |
| Inventory | 10,635 | - | - | 10,635 |
| Prepaid items | 16,923 | - | - | 16,923 |
| Restricted | | | | |
| Public safety | - | - | 187,642 | 187,642 |
| Community redevelopment | - | 1,153,639 | 382,473 | 1,536,112 |
| Debt service | 216,189 | - | - | 216,189 |
| Infrastructure | 637,525 | - | - | 637,525 |
| Committed | | | | |
| Community funds | 437 | - | - | 437 |
| Self-insurance | 250,000 | - | - | 250,000 |
| Beautification | 13,354 | - | - | 13,354 |
| Parks subdivision | 24,481 | - | - | 24,481 |
| Assigned | | | | |
| Disaster recovery | 100,000 | - | - | 100,000 |
| Public safety | 15,993 | - | - | 15,993 |
| Unassigned | 7,139,414 | - | - | 7,139,414 |
| Total Fund Balances | 8,424,951 | 1,153,639 | 570,115 | 10,148,705 |
| Total Liabilities and Fund Balances | \$ 9,948,595 | \$ 1,235,620 | \$ 860,646 | \$ 12,044,861 |

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, 2020

Exhibit III - B

Fund Balances - Total Governmental Funds (page 29) \$ 10,148,705

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

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

| | | |
|-------------------------------------|--------------|------------|
| Governmental non-depreciable assets | 2,451,529 | |
| Governmental depreciable assets | 37,708,786 | |
| Less accumulated depreciation | (26,033,909) | 14,126,406 |

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

226,904

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

1,530,648

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 | (6,683,243) | |
| Accrued interest | (106,389) | |
| Compensated absences | (319,868) | |
| Net pension liability | (656,517) | |
| Net other postemployment benefits (OPEB) liability | (55,316) | (7,821,333) |

Deferred inflows related to pensions are not financial resources and therefore are not reported in the governmental funds.

(1,160,102)

Total Net Position - Governmental Activities (page 25) **\$ 17,051,228**

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, 2020

Exhibit IV - A

| | General | Urban Core Redevelopment | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------|------------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 3,136,101 | \$ 1,153,519 | \$ 260,273 | \$ 4,549,893 |
| Licenses and permits | 83,635 | - | - | 83,635 |
| Intergovernmental | 1,589,381 | 20,873 | 31,493 | 1,641,747 |
| Charges for services | 536,822 | - | - | 536,822 |
| Fines and forfeitures | 60,248 | - | 430,751 | 490,999 |
| Investment earnings | 111,603 | - | 51 | 111,654 |
| Contribution from component unit | 1,000,000 | - | - | 1,000,000 |
| Miscellaneous | 93,039 | 854 | 50 | 93,943 |
| Total revenues | <u>6,610,829</u> | <u>1,175,246</u> | <u>722,618</u> | <u>8,508,693</u> |
| Expenditures: | | | | |
| Current | | | | |
| General government | 1,887,194 | 615,884 | 3,757 | 2,506,835 |
| Public safety | 3,003,559 | - | 277,954 | 3,281,513 |
| Transportation | 725,808 | - | - | 725,808 |
| Economic environment | 331,930 | - | - | 331,930 |
| Culture and recreation | 1,546,626 | - | 29,416 | 1,576,042 |
| Capital outlay | 980,091 | 398,997 | 28,592 | 1,407,680 |
| Debt service | | | | |
| Principal | 237,600 | - | - | 237,600 |
| Interest | 324,966 | - | - | 324,966 |
| Total expenditures | <u>9,037,774</u> | <u>1,014,881</u> | <u>339,719</u> | <u>10,392,374</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,426,945)</u> | <u>160,365</u> | <u>382,899</u> | <u>(1,883,681)</u> |
| Other Financing | | | | |
| Sources (Uses): | | | | |
| Gain from sale of capital assets | 13,600 | - | - | 13,600 |
| Transfers in | 1,585,197 | - | - | 1,585,197 |
| Transfers out | (1,875,302) | (370,540) | (568,784) | (2,814,626) |
| Total other financing sources (uses) | <u>(276,505)</u> | <u>(370,540)</u> | <u>(568,784)</u> | <u>(1,215,829)</u> |
| Net change in fund balances | (2,703,450) | (210,175) | (185,885) | (3,099,510) |
| Fund Balances: | | | | |
| Beginning of year | <u>11,128,401</u> | <u>1,363,814</u> | <u>756,000</u> | <u>13,248,215</u> |
| End of year | <u>\$ 8,424,951</u> | <u>\$ 1,153,639</u> | <u>\$ 570,115</u> | <u>\$ 10,148,705</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, 2020

Exhibit IV - B

Net change in fund balances - governmental funds (page 31) \$ (3,099,510)

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

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 | 1,407,680 | |
| Disposals of capital assets | (39,290) | |
| Less current year depreciation | (1,637,119) | (268,729) |

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

| | | |
|------------------------------------|---------|---------|
| Debt principal payments | 237,600 | |
| Change in accrued interest expense | 3,365 | 240,965 |

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)

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 | | (12,431) |
|--|--|----------|

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 | (318,032) | |
| Change in Health Insurance Subsidy Program net pension liability | | |
| Change in Florida Municipal Pension Trust Fund net pension asset | 27,098 | (290,934) |

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

(11,380)

Change in Net Position - Governmental Activities (page 26) **\$ (3,443,609)**

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, 2020

Exhibit V

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|-----------------|--------------|--------------|---|
| Revenues: | | | | |
| Taxes | \$ 3,348,438 | \$ 3,348,438 | \$ 3,136,101 | \$ (212,337) |
| Licenses and permits | 90,100 | 90,100 | 83,635 | (6,465) |
| Intergovernmental | 1,275,953 | 1,376,888 | 1,589,381 | 212,493 |
| Charges for services | 730,540 | 730,540 | 536,822 | (193,718) |
| Fines and forfeitures | 63,200 | 63,200 | 60,248 | (2,952) |
| Investment earnings | 86,000 | 86,000 | 111,603 | 25,603 |
| Contribution from component unit | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Miscellaneous | 57,345 | 62,345 | 93,039 | 30,694 |
| Total revenues | 6,651,576 | 6,757,511 | 6,610,829 | (146,682) |
| Expenditures: | | | | |
| Current | | | | |
| General government | 1,659,437 | 1,575,559 | 1,887,194 | (311,635) |
| Public safety | 2,917,912 | 3,094,935 | 3,003,559 | 91,376 |
| Transportation | 1,444,455 | 1,454,983 | 725,808 | 729,175 |
| Economic environment | 336,708 | 363,647 | 331,930 | 31,717 |
| Culture and recreation | 1,858,140 | 1,649,677 | 1,546,626 | 103,051 |
| Capital outlay | 1,111,320 | 1,848,249 | 980,091 | 868,158 |
| Debt service | | | | |
| Principal | 237,600 | 237,600 | 237,600 | - |
| Interest | 324,968 | 324,968 | 324,966 | 2 |
| Total expenditures | 9,890,540 | 10,549,618 | 9,037,774 | 1,511,844 |
| Deficiency of revenues under expenditures | (3,238,964) | (3,792,107) | (2,426,945) | 1,365,162 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from sale of capital assets | - | - | 13,600 | 13,600 |
| Transfers in | 2,523,520 | 1,831,404 | 1,585,197 | (246,207) |
| Transfers out | (1,904,201) | (1,904,201) | (1,875,302) | 28,899 |
| Total other financing sources | 619,319 | (72,797) | (276,505) | (203,708) |
| Appropriation of Fund Balance | 2,619,645 | 3,864,904 | - | (3,864,904) |
| Net change in fund balance | \$ - | \$ - | (2,703,450) | \$ (2,703,450) |
| Fund Balance: | | | | |
| Beginning of year | | | 11,128,401 | |
| End of year | | | \$ 8,424,951 | |

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, 2020

Exhibit VI

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|-----------------|--------------|--------------|---|
| Revenues: | | | | |
| Taxes | \$ 1,081,917 | \$ 1,124,942 | \$ 1,153,519 | \$ 28,577 |
| Intergovernmental | 22,830 | 22,830 | 20,873 | (1,957) |
| Miscellaneous | - | - | 854 | 854 |
| Total revenues | 1,104,747 | 1,147,772 | 1,175,246 | 27,474 |
| Expenditures: | | | | |
| Current | | | | |
| Culture and recreation | 493,781 | 855,936 | 615,884 | 240,052 |
| Capital outlay | 1,337,128 | 1,122,715 | 398,997 | 723,718 |
| Total expenditures | 1,830,909 | 1,978,651 | 1,014,881 | 963,770 |
| Excess (Deficiency) of revenues over (under) expenditures | (726,162) | (830,879) | 160,365 | 991,244 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | (464,639) | (464,639) | (370,540) | 94,099 |
| Appropriation of Fund Balance | 1,190,801 | 1,295,518 | - | (1,295,518) |
| Net change in fund balance | \$ - | \$ - | (210,175) | \$ (210,175) |
| Fund Balance: | | | | |
| Beginning of year | | | 1,363,814 | |
| End of year | | | \$ 1,153,639 | |

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

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CITY OF GULF BREEZE, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2020

Exhibit VII

| | 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 | \$ (54,401) | \$ 455,616 | \$ 6,208,430 | \$ 309,980 | \$ 797,407 | \$ 125,362 | \$ 7,842,394 |
| Investments | - | - | 70,350 | - | 9,527,962 | - | 9,598,312 |
| Receivables, net | 342,559 | 298,936 | 1,103,464 | 49,802 | 3,958 | 88,552 | 1,887,271 |
| Due from other governments | - | 715,452 | 948,722 | - | 170,014 | - | 1,834,188 |
| Note receivable from joint venture | 8,045 | - | 9,444 | - | - | - | 17,489 |
| Inventory, at cost | 21,316 | 239,815 | 95,946 | - | - | - | 357,077 |
| Restricted assets | | | | | | | |
| Cash and cash equivalents | 331,224 | 280,702 | 1,126,263 | 720,614 | - | 12,025 | 2,470,828 |
| Total current assets | <u>648,743</u> | <u>1,990,521</u> | <u>9,562,619</u> | <u>1,080,396</u> | <u>10,499,341</u> | <u>225,939</u> | <u>24,007,559</u> |
| Non-Current Assets: | | | | | | | |
| Investment in limited liability company | - | - | - | - | 21,991 | - | 21,991 |
| Restricted assets | | | | | | | |
| Cash and cash equivalents | - | - | 260,932 | - | - | - | 260,932 |
| Total restricted assets | <u>-</u> | <u>-</u> | <u>260,932</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>260,932</u> |
| Capital assets, net | | | | | | | |
| Land | - | - | 4,096,782 | 37,062 | - | - | 4,133,844 |
| Construction in progress | 37,882 | 115,763 | 1,687,382 | 2,324,674 | - | - | 4,165,701 |
| Buildings | - | - | 1,721,149 | - | - | - | 1,721,149 |
| Improvements other than building | 29,984 | 262,882 | 7,101,544 | - | 43,209 | - | 7,437,619 |
| Infrastructure | 1,326,336 | 2,358,148 | 8,079,750 | 3,093,968 | - | - | 14,858,202 |
| Machinery and equipment | 145,919 | 260,557 | 818,721 | 47,608 | 10,248 | - | 1,283,053 |
| Total capital assets | <u>1,540,121</u> | <u>2,997,350</u> | <u>23,505,328</u> | <u>5,503,312</u> | <u>53,457</u> | <u>-</u> | <u>33,599,568</u> |
| Other assets: | | | | | | | |
| Bond issuance costs, net | - | - | 30,942 | 37,695 | - | - | 68,637 |
| Investment in joint venture | 2,134,347 | - | 2,050,647 | - | - | - | 4,184,994 |
| Advance to joint venture | 115,399 | - | 110,873 | - | - | - | 226,272 |
| Note receivable from joint venture | 32,180 | - | 37,776 | - | - | - | 69,956 |
| Total other assets | <u>2,281,926</u> | <u>-</u> | <u>2,230,238</u> | <u>37,695</u> | <u>-</u> | <u>-</u> | <u>4,549,859</u> |
| Total non-current assets | <u>3,822,047</u> | <u>2,997,350</u> | <u>25,996,498</u> | <u>5,541,007</u> | <u>75,448</u> | <u>-</u> | <u>38,432,350</u> |
| Total Assets | <u>4,470,790</u> | <u>4,987,871</u> | <u>35,559,117</u> | <u>6,621,403</u> | <u>10,574,789</u> | <u>225,939</u> | <u>62,439,909</u> |
| Total Assets | <u>\$ 4,470,790</u> | <u>\$ 4,987,871</u> | <u>\$ 35,559,117</u> | <u>\$ 6,621,403</u> | <u>\$ 10,574,789</u> | <u>\$ 225,939</u> | <u>\$ 62,439,909</u> |

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

Exhibit VII

| | 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 | \$ 121,613 | \$ 232,538 | \$ 948,958 | \$ 144,291 | \$ 183,991 | \$ 90,830 | \$ 1,722,221 |
| Accrued liabilities | 29,530 | 25,453 | 105,578 | 8,591 | - | 5,800 | 174,952 |
| Accrued interest | - | - | 25,033 | - | - | - | 25,033 |
| Interfund payables | 583,219 | 1,500,000 | 731,448 | 500,000 | 471,333 | 53,000 | 3,839,000 |
| Due to other governments | - | - | - | - | - | 846 | 846 |
| Payable from restricted assets | | | | | | | |
| Accrued interest | 14,508 | 13,407 | 132,935 | 64,665 | - | - | 225,515 |
| Customer deposits | 254,612 | 280,702 | 445,304 | - | - | 12,025 | 992,643 |
| Revenue bonds payable | 33,600 | - | 320,000 | 124,652 | - | - | 478,252 |
| Compensated absences | 4,429 | 4,781 | 28,965 | 1,721 | - | 661 | 40,557 |
| Notes payable | - | 63,089 | 83,660 | - | - | - | 146,749 |
| State revolving loan payable | - | - | 47,464 | - | - | - | 47,464 |
| Revenue bonds payable | - | - | 386,535 | - | - | - | 386,535 |
| Capital lease payable | - | - | 399,285 | - | - | - | 399,285 |
| Total current liabilities | <u>1,041,511</u> | <u>2,119,970</u> | <u>3,655,165</u> | <u>843,920</u> | <u>655,324</u> | <u>163,162</u> | <u>8,479,052</u> |
| Non-Current Liabilities: | | | | | | | |
| Unearned revenue | - | - | 23,751 | - | - | - | 23,751 |
| Compensated absences | 37,583 | 40,563 | 112,749 | 14,604 | - | 5,613 | 211,112 |
| Notes payable | - | 652,363 | 865,062 | - | - | - | 1,517,425 |
| State revolving loan payable | - | - | 628,959 | - | - | - | 628,959 |
| Revenue bonds payable | 881,400 | - | 6,533,111 | 3,488,542 | - | - | 10,903,053 |
| Capital lease payable | - | - | 2,077,488 | - | - | - | 2,077,488 |
| Net pension liability | - | - | - | - | - | - | - |
| Net other postemployment benefits liability | 6,262 | 15,656 | 31,311 | 4,175 | - | 1,044 | 58,448 |
| Total non-current liabilities | <u>925,245</u> | <u>708,582</u> | <u>10,272,431</u> | <u>3,507,321</u> | <u>-</u> | <u>6,657</u> | <u>15,420,236</u> |
| Total Liabilities | <u>1,966,756</u> | <u>2,828,552</u> | <u>13,927,596</u> | <u>4,351,241</u> | <u>655,324</u> | <u>169,819</u> | <u>23,899,288</u> |
| Net Position: | | | | | | | |
| Net investment in capital assets | 625,121 | 2,281,898 | 12,163,764 | 1,890,118 | 53,457 | - | 17,014,358 |
| Restricted | | | | | | | |
| Debt service and other debt requirements | 28,280 | - | - | - | - | - | 28,280 |
| Unrestricted | <u>1,850,633</u> | <u>(122,579)</u> | <u>9,467,757</u> | <u>380,044</u> | <u>9,866,008</u> | <u>56,120</u> | <u>21,497,983</u> |
| Total net position | <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> |
| Total Liabilities, Deferred Inflows and Net Position | <u>\$ 4,470,790</u> | <u>\$ 4,987,871</u> | <u>\$ 35,559,117</u> | <u>\$ 6,621,403</u> | <u>\$ 10,574,789</u> | <u>\$ 225,939</u> | <u>\$ 62,439,909</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, 2020

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 |
|---|-----------------------|---------------------|-----------------------------|--------------------------|--------------------------------------|-----------------------------------|-------------------------------|
| Operating Revenue: | | | | | | | |
| Charges for services | | | | | | | |
| Utilities | \$ 2,720,911 | \$ 2,949,615 | \$ 6,518,867 | \$ 458,084 | \$ - | \$ 877,259 | \$ 13,524,736 |
| Golf course | - | - | 1,554,015 | - | - | - | 1,554,015 |
| Financial services | - | - | - | - | 50,588 | - | 50,588 |
| Total charges for services | <u>2,720,911</u> | <u>2,949,615</u> | <u>8,072,882</u> | <u>458,084</u> | <u>50,588</u> | <u>877,259</u> | <u>15,129,339</u> |
| Operating Expenses: | | | | | | | |
| Personal services | 798,253 | 893,330 | 2,883,102 | 271,513 | 147,171 | 195,164 | 5,188,533 |
| Contractual services | 704,540 | 668,554 | 996,427 | 3,466 | - | 610,065 | 2,983,052 |
| Insurance | 62,909 | 61,576 | 184,708 | - | - | 36,945 | 346,138 |
| Supplies | 161,475 | 360,071 | 924,013 | 4,300 | - | 11,402 | 1,461,261 |
| Professional services | 72,936 | 47,052 | 437,747 | 10,338 | 60,637 | 17,332 | 646,042 |
| Repairs and maintenance | 291,278 | 32,814 | 954,240 | 551 | - | 3,791 | 1,282,674 |
| Office and utilities | 121,660 | 66,749 | 666,792 | 4,569 | 12,084 | 14,245 | 886,099 |
| Depreciation and amortization | 256,213 | 370,252 | 2,182,181 | 133,897 | 2,995 | - | 2,945,538 |
| Total operating expenses | <u>2,469,264</u> | <u>2,500,398</u> | <u>9,229,210</u> | <u>428,634</u> | <u>222,887</u> | <u>888,944</u> | <u>15,739,337</u> |
| Operating income (loss) | <u>251,647</u> | <u>449,217</u> | <u>(1,156,328)</u> | <u>29,450</u> | <u>(172,299)</u> | <u>(11,685)</u> | <u>(609,998)</u> |
| Non-Operating Revenue (Expenses): | | | | | | | |
| Investment earnings | - | - | 78,308 | - | 261,994 | - | 340,302 |
| Interest income from primary government | - | - | - | - | 7,034 | - | 7,034 |
| Interest expense | (43,754) | (13,407) | (562,590) | (141,528) | (18,000) | - | (779,279) |
| Income from joint venture | 305,809 | - | 293,816 | - | - | - | 599,625 |
| Miscellaneous | 24,369 | 32,487 | 129,554 | - | (806) | 711 | 186,315 |
| Gain from sale of capital assets | - | - | 6,419 | - | - | - | 6,419 |
| Total non-operating revenue (expenses) | <u>286,424</u> | <u>19,080</u> | <u>(54,493)</u> | <u>(141,528)</u> | <u>250,222</u> | <u>711</u> | <u>360,416</u> |
| Income (Loss) Before Transfers and Capital Contributions | <u>538,071</u> | <u>468,297</u> | <u>(1,210,821)</u> | <u>(112,078)</u> | <u>77,923</u> | <u>(10,974)</u> | <u>(249,582)</u> |
| Transfers and Capital Contributions: | | | | | | | |
| Transfers in | - | - | 834,986 | 1,616,055 | - | - | 2,451,041 |
| Transfers out | (546,368) | (223,442) | (348,143) | (57,085) | - | (46,574) | (1,221,612) |
| Capital contributions | 68,273 | - | 3,501,605 | - | - | - | 3,569,878 |
| Total transfers and capital contributions | <u>(478,095)</u> | <u>(223,442)</u> | <u>3,988,448</u> | <u>1,558,970</u> | <u>-</u> | <u>(46,574)</u> | <u>4,799,307</u> |
| Changes in net position | 59,976 | 244,855 | 2,777,627 | 1,446,892 | 77,923 | (57,548) | 4,549,725 |
| Net position at beginning of year | <u>2,444,058</u> | <u>1,914,464</u> | <u>18,853,894</u> | <u>823,270</u> | <u>9,841,542</u> | <u>113,668</u> | <u>33,990,896</u> |
| Net position at end 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> |

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, 2020

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 |
|--|-----------------------|---------------------|-----------------------------|--------------------------|--------------------------------------|-----------------------------------|-------------------------------|
| Cash Flows from Operating Activities: | | | | | | | |
| Receipts from customers and users | \$ 2,757,920 | \$ 2,957,337 | \$ 8,101,020 | \$ 459,706 | \$ 63,637 | \$ 880,913 | \$ 15,220,533 |
| Payments from (to) other funds | - | (500,000) | (68,530) | - | - | - | (568,530) |
| Payments to suppliers and providers | (1,342,566) | (1,014,791) | (4,054,166) | 115,717 | (84,924) | (670,453) | (7,051,183) |
| Payments to employees | (855,069) | (961,988) | (2,910,589) | (287,703) | (147,171) | (193,021) | (5,355,541) |
| Net cash provided by (used in) operating activities | <u>560,285</u> | <u>480,558</u> | <u>1,067,735</u> | <u>287,720</u> | <u>(168,458)</u> | <u>17,439</u> | <u>2,245,279</u> |
| Cash Flows from Non-Capital Financing Activities: | | | | | | | |
| Payments received from primary government on note receivable | - | - | - | - | 66,659 | - | 66,659 |
| Transfers in | - | - | 834,986 | 1,616,055 | - | - | 2,451,041 |
| Transfers out | (546,368) | (223,442) | (348,143) | (57,085) | - | (46,574) | (1,221,612) |
| Net cash provided by (used in) non-capital financing activities | <u>(546,368)</u> | <u>(223,442)</u> | <u>486,843</u> | <u>1,558,970</u> | <u>66,659</u> | <u>(46,574)</u> | <u>1,296,088</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | |
| Proceeds from sale of capital assets | - | - | 9,182 | - | - | - | 9,182 |
| Proceeds from issuance of bonds payable | - | - | - | 1,350,000 | - | - | 1,350,000 |
| Acquisition and construction of capital assets | (18,217) | (697,051) | (2,547,818) | (1,907,658) | (5,294) | - | (5,176,038) |
| Principal paid on bonds payable | (32,400) | - | (1,189,296) | (100,633) | - | - | (1,322,329) |
| Principal paid on state revolving loan | - | - | (46,049) | - | - | - | (46,049) |
| Principal paid on capital leases | - | - | (364,821) | - | - | - | (364,821) |
| Interest paid on long-term debt | (61,533) | (13,407) | (407,104) | (160,379) | - | - | (642,423) |
| Capital contributions and grants | 68,273 | - | 2,854,320 | - | - | - | 2,922,593 |
| Net cash provided by (used in) capital and related financing activities | <u>(43,877)</u> | <u>(710,458)</u> | <u>(1,691,586)</u> | <u>(818,670)</u> | <u>(5,294)</u> | <u>-</u> | <u>(3,269,885)</u> |
| Cash Flows from Investing Activities: | | | | | | | |
| Purchases of investments | - | - | - | - | (2,166,067) | - | (2,166,067) |
| Proceeds from sale of investments | - | - | - | - | 2,350,428 | - | 2,350,428 |
| Interest on note receivable from primary government | - | - | - | - | 7,034 | - | 7,034 |
| Loss from investment in limited liability company | - | - | - | - | (806) | - | (806) |
| Principal repayment from joint venture | 8,045 | - | 9,445 | - | - | - | 17,490 |
| Interest income | - | - | 75,970 | - | 262,205 | - | 338,175 |
| Net cash provided by investing activities | <u>8,045</u> | <u>-</u> | <u>85,415</u> | <u>-</u> | <u>452,794</u> | <u>-</u> | <u>546,254</u> |
| Net Change in Cash and Cash Equivalents | (21,915) | (453,342) | (51,593) | 1,028,020 | 345,701 | (29,135) | 817,736 |
| Cash and Cash Equivalents - Beginning of the Year | 298,738 | 1,189,660 | 7,647,218 | 2,574 | 451,706 | 166,522 | 9,756,418 |
| Cash and Cash Equivalents - End of the Year | <u>\$ 276,823</u> | <u>\$ 736,318</u> | <u>\$ 7,595,625</u> | <u>\$ 1,030,594</u> | <u>\$ 797,407</u> | <u>\$ 137,387</u> | <u>\$ 10,574,154</u> |
| Displayed As: | | | | | | | |
| Cash and cash equivalents | \$ (54,401) | \$ 455,616 | \$ 6,208,430 | \$ 309,980 | \$ 797,407 | \$ 125,362 | \$ 7,842,394 |
| Current - Restricted cash and cash equivalents | 331,224 | 280,702 | 1,126,263 | 720,614 | - | 12,025 | 2,470,828 |
| Non-current - Restricted cash and cash equivalents | - | - | 260,932 | - | - | - | 260,932 |
| | <u>\$ 276,823</u> | <u>\$ 736,318</u> | <u>\$ 7,595,625</u> | <u>\$ 1,030,594</u> | <u>\$ 797,407</u> | <u>\$ 137,387</u> | <u>\$ 10,574,154</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, 2020
(Continued)

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 |
|---|-----------------------|---------------------|-----------------------------|--------------------------|--------------------------------------|-----------------------------------|-------------------------------|
| Reconciliation of Operating Income | | | | | | | |
| (Loss) to Net Cash Provided by | | | | | | | |
| (Used in) Operating Activities: | | | | | | | |
| Operating income (loss) | \$ 251,647 | \$ 449,217 | \$ (1,156,328) | \$ 29,450 | \$ (172,299) | \$ (11,685) | \$ (609,998) |
| Adjustments to reconcile operating | | | | | | | |
| income (loss) to net cash | | | | | | | |
| provided by (used in) operating activities - | | | | | | | |
| Depreciation and | | | | | | | |
| amortization expense | 256,213 | 370,252 | 2,182,181 | 133,897 | 2,995 | - | 2,945,538 |
| Miscellaneous income | 24,369 | 32,487 | 129,554 | - | - | 711 | 187,121 |
| Changes in operating assets | | | | | | | |
| and liabilities: | | | | | | | |
| Receivables | 12,640 | (24,765) | (104,351) | 1,622 | - | 2,943 | (111,911) |
| Inventory, at cost | 4,306 | 60,405 | 33,821 | - | - | - | 98,532 |
| Deferred outflows of | | | | | | | |
| resources - pensions | 15,051 | 22,576 | - | 7,524 | - | - | 45,151 |
| Accounts payable | 46,671 | 158,131 | 41,026 | 121,542 | (12,203) | 23,327 | 378,494 |
| Accrued liabilities | 34,505 | (33,481) | 70,396 | 21,808 | - | 4,873 | 98,101 |
| Interfund payables | - | (500,000) | (68,530) | - | 13,049 | - | (555,481) |
| Customer deposits | 3,935 | 8,540 | 27,160 | - | - | - | 39,635 |
| Unearned revenue | - | - | 2,935 | - | - | - | 2,935 |
| Compensated absences | 11,155 | 11,182 | 33,016 | 5,001 | - | 5,168 | 65,522 |
| Net pension liability | (87,130) | (60,634) | (132,860) | (30,608) | - | (8,942) | (320,174) |
| Net OPEB liability | 304 | 6,720 | 9,715 | 4,175 | - | 1,044 | 21,958 |
| Deferred inflows of | | | | | | | |
| resources - pensions | (13,381) | (20,072) | - | (6,691) | - | - | (40,144) |
| Total adjustments | <u>308,638</u> | <u>31,341</u> | <u>2,224,063</u> | <u>258,270</u> | <u>3,841</u> | <u>29,124</u> | <u>2,855,277</u> |
| Net Cash Provided By (Used in) | | | | | | | |
| Operating Activities | <u>\$ 560,285</u> | <u>\$ 480,558</u> | <u>\$ 1,067,735</u> | <u>\$ 287,720</u> | <u>\$ (168,458)</u> | <u>\$ 17,439</u> | <u>\$ 2,245,279</u> |
| Supplemental Schedule of Noncash Capital | | | | | | | |
| and Related Financing Activities | | | | | | | |
| Change in fair value of investment | | | | | | | |
| in joint venture | <u>\$ 305,809</u> | <u>\$ -</u> | <u>\$ 293,816</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 599,625</u> |
| Acquisition of capital assets | | | | | | | |
| contributed | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 647,825</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 647,825</u> |
| Note payable and amount due from | | | | | | | |
| other governments | <u>\$ -</u> | <u>\$ 715,452</u> | <u>\$ 948,722</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,664,174</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, 2020

Exhibit X

| | <u>Police Officers' Retirement Fund</u> | <u>Agency Funds</u> |
|---------------------------------|---|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ - | \$ 6,248 |
| Due from employer | 6,688 | - |
| Due from plan members | 1,047 | |
| Investments: | | |
| Equity Mutual Funds | 5,731,703 | - |
| Total Assets | <u>5,739,438</u> | <u>6,248</u> |
| LIABILITIES | | |
| Due to others | <u>-</u> | <u>6,248</u> |
| NET POSITION | | |
| Restricted for pension benefits | <u>\$ 5,739,438</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, 2020

Exhibit XI

| | Police Officers' Retirement Fund |
|---|--|
| | |
| ADDITIONS: | |
| Contributions | |
| Employer | \$ 246,139 |
| Plan members | 38,549 |
| State of Florida | 77,015 |
| Total contributions | 361,703 |
| Investment income | 368,635 |
| Less investment expense | (10,671) |
| Net investment income | 357,964 |
| Total additions | 719,667 |
| DEDUCTIONS: | |
| Benefits and refunds paid to plan members and beneficiaries | 300,906 |
| Administrative expenses | 8,275 |
| Total deductions | 309,181 |
| NET INCREASE | 410,486 |
| NET POSITION RESTRICTED FOR PENSION BENEFITS: | |
| Beginning of year | 5,328,952 |
| End of year | \$ 5,739,438 |

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, 2020

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, 2020, 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, 2020**

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, 2020. 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.
- \$22,500,000 Floating Rate Demand Revenue Bonds, Series 2001, \$1,170,000 outstanding.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Conduit Debt (Continued)

- \$69,775,000 Floating Rate Demand Revenue Bonds, Series 2010, \$44,870,000 outstanding.
- \$40,000,000 Refunding Bond (Local Government Loan Program), Series 2010, \$40,000,000 outstanding.

These bonds were issued pursuant to a Trust Indenture by and between the City and SunTrust 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, 2020**

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, 2020**

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, 2020 |
| Levy Date | November 1, 2020 |
| Due Date | November 1, 2020 |
| 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 2020 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, 2020.

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, 2020**

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.

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.

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

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation (Continued)

Proprietary (Continued)

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.

Stormwater Management Fund - To account for activities associated with managing stormwater.

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, 2020

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, 2020

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, 2020**

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, 2020**

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, 2020

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, 2020

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, 2020

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, 2020**

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, 2020**

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, 2020**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Investments:

As of September 30, 2020, the City had the following investments:

| | Weighted Average Maturity (Years) | 2020 |
|------------------------------------|---|----------------------|
| Money Market Mutual Funds | 0.099 | \$ 35,528 |
| Florida Municipal Investment Trust | 1.69 | 70,350 |
| Exchange-traded Funds | N/A | 1,351,311 |
| Federal Instrumentalities | 7.169 | 5,493,019 |
| Corporate Notes | 5.135 | 1,336,139 |
| State and Local Government Debt | 4.673 | 3,186,750 |
| | | <u>11,437,569</u> |
| Total Investments | | <u>\$ 11,473,097</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, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------------------|----------------------|-------------|----------------------|
| Money Market Mutual Funds | \$ 35,528 | \$ | \$ | \$ 35,528 |
| Exchange-traded Funds | 1,351,311 | | | 1,351,311 |
| Federal Instrumentalities | | 5,493,019 | | 5,493,019 |
| Corporate Notes | | 1,336,139 | | 1,336,139 |
| State and Local Government Debt | | 3,186,750 | | 3,186,750 |
| Total Investments | <u>\$ 1,386,839</u> | <u>\$ 10,015,908</u> | <u>\$ -</u> | <u>\$ 11,402,747</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, 2020

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, 2020**

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, 2020, 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 | 0.31% |
| Equity Funds | N/A | 11.85% |
| Federal Instrumentalities | AAA | 30.31% |
| Federal Instrumentalities | AA | 17.86% |
| Corporate Notes | AA | 2.86% |
| Corporate Notes | A | 8.86% |
| State and Local Government Debt | AAA | 2.01% |
| State and Local Government Debt | AA | 17.94% |
| State and Local Government Debt | A | 8.00% |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, the City had the following issuer concentrations based on fair value:

| | Fair Value | Portfolio Asset Allocation |
|--|------------|-------------------------------|
| Money Market Mutual Funds: | | |
| Schwab Government Money Fund | \$ 35,528 | 0.31% |
| Equity Funds: | | |
| ALPS Alerian MLP ETF | 73,766 | 0.65% |
| ISHARES Select Dividend ETF | 255,628 | 2.24% |
| ISHARES US Utilities ETF | 319,346 | 2.80% |
| Schwab US Dividend ETF | 347,450 | 3.05% |
| Vanguard Dividend Appreciation ETF | 355,121 | 3.12% |
| Federal Instrumentalities: | | |
| Federal Home Loan Bank Notes | 1,530,556 | 13.44% |
| Federal Home Loan Mortgage Corporation | 1,228,530 | 10.77% |
| Federal National Mortgage Association | 2,698,239 | 23.69% |
| Government National Mortgage Association | 35,694 | 0.31% |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued):

| | Fair Value | Portfolio Asset Allocation |
|---|----------------------|-------------------------------|
| Corporate Notes: | | |
| Apple, Inc. | 358,958 | 3.15% |
| BP Capital Market | 268,772 | 2.36% |
| J P Morgan Chase | 102,156 | 0.90% |
| Wal-Mart Stores | 306,663 | 2.69% |
| Wells Fargo Bank | 191,466 | 1.68% |
| American Express | 69,429 | 0.61% |
| Exxon Mobil Corporation | 38,695 | 0.34% |
| State and Local Government Debt: | | |
| Alameda County, California | 72,573 | 0.64% |
| Antelope Valley Community College District | 55,675 | 0.49% |
| Bay Area Toll R | 188,610 | 1.66% |
| City of Chicago/Chicago Midway Airport Revenue Refunding Bonds | 125,432 | 1.10% |
| Dormitory Authority of the State of New York | 230,445 | 2.02% |
| Energy Northwest / Columbia Generating Station Electric Revenue Bonds | 170,409 | 1.50% |
| Greater Orlando Aviation Authority | 118,492 | 1.04% |
| Guilford County, North Carolina Build America Bonds | 182,184 | 1.60% |
| Kansas Development Finance Authority | 55,811 | 0.49% |
| L'Anse Creuse Public Schools County of Macomb, State of Michigan | 104,958 | 0.92% |
| Minneapolis - St. Paul Metropolitan Airports Commission | 25,209 | 0.22% |
| New Orleans Aviation Board | 75,636 | 0.66% |
| Niagara Falls Bridge Commission/Toll Bridge System Revenue Bonds | 144,649 | 1.27% |
| North Carolina A&T University | 151,176 | 1.33% |
| Oregon State Lottery Revenue Bonds | 195,436 | 1.72% |
| Passaic Valley Water Commission Water Supply System | 119,686 | 1.05% |
| Public Finance Authority/Taxable Refunding Revenue Bonds | 177,328 | 1.56% |
| State of California | 355,898 | 3.12% |
| State of Hawaii | 81,862 | 0.72% |
| State of Louisiana | 156,243 | 1.37% |
| State of New York General Obligation Bonds | 204,850 | 1.80% |
| State of Oregon | 59,024 | 0.52% |
| The Oklahoma Development Finance Authority | 25,431 | 0.22% |
| The Regents of the University of California | 109,733 | 0.96% |
| | \$ 11,402,747 | 100% |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 - RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

Receivables at September 30, 2020, were as follows:

| | Governmental Activities | | Business-Type Activities | | | | | Non-Major Proprietary Funds | Total Primary Government |
|--|----------------------------|---------------------------|--------------------------|-------------------|-----------------------------|--------------------------|--------------------------------------|-----------------------------------|--------------------------------|
| | General | Non-Major Governmental | Water and Sewer | Natural Gas | South Santa Rosa Utility | Stormwater Management | Gulf Breeze Financial Services | | |
| | | Funds | | | | | | | |
| Accounts | \$ 238,285 | \$ - | \$ - | \$ - | \$ 38,663 | \$ - | \$ 3,958 | \$ - | \$ 280,906 |
| Utilities | - | - | 367,332 | 326,113 | 962,680 | 52,623 | - | 96,056 | 1,804,804 |
| Notes | - | - | - | - | - | - | - | - | - |
| Other | 2,523 | 500 | 7,847 | 2,911 | 177,993 | - | - | - | 191,774 |
| | <u>240,808</u> | <u>500</u> | <u>375,179</u> | <u>329,024</u> | <u>1,179,336</u> | <u>52,623</u> | <u>3,958</u> | <u>96,056</u> | <u>2,277,484</u> |
| Less allowance for uncollectible accounts | 4,682 | - | 32,620 | 30,088 | 75,872 | 2,821 | - | 7,504 | 153,587 |
| Total | <u>\$ 236,126</u> | <u>\$ 500</u> | <u>\$ 342,559</u> | <u>\$ 298,936</u> | <u>\$ 1,103,464</u> | <u>\$ 49,802</u> | <u>\$ 3,958</u> | <u>\$ 88,552</u> | <u>\$ 2,123,897</u> |

The City's due from other governments for governmental activities was \$278,389 as of September 30, 2020, 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 \$1,834,188 as of September 30, 2020, 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, for FEMA reimbursements.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

Primary Government

| | Beginning Balance | Increases | Decreases/ Transfers | Ending Balance |
|---|----------------------|---------------------|-------------------------|----------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 1,646,909 | \$ - | \$ - | \$ 1,646,909 |
| Construction in progress | 793,772 | 911,008 | 900,160 | 804,620 |
| Total capital assets not being depreciated | <u>2,440,681</u> | <u>911,008</u> | <u>900,160</u> | <u>2,451,529</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 12,630,238 | - | 115,645 | 12,514,593 |
| Improvements other than buildings | 16,045,027 | 183,555 | (900,160) | 17,128,742 |
| Infrastructure | 1,077,264 | - | - | 1,077,264 |
| Machinery and equipment | 6,743,659 | 313,117 | 68,589 | 6,988,187 |
| Total capital assets being depreciated | <u>36,496,188</u> | <u>496,672</u> | <u>(715,926)</u> | <u>37,708,786</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | (5,032,124) | (502,420) | (76,355) | (5,458,189) |
| Improvements other than buildings | (13,652,025) | (662,894) | - | (14,314,919) |
| Infrastructure | (456,961) | (55,499) | - | (512,460) |
| Machinery and equipment | (5,400,624) | (416,306) | (68,589) | (5,748,341) |
| Total accumulated depreciation | <u>(24,541,734)</u> | <u>(1,637,119)</u> | <u>(144,944)</u> | <u>(26,033,909)</u> |
| Total capital assets being depreciated, net | <u>11,954,454</u> | <u>(1,140,447)</u> | <u>(860,870)</u> | <u>11,674,877</u> |
| Governmental Activities, net | <u>\$ 14,395,135</u> | <u>\$ (229,439)</u> | <u>\$ 39,290</u> | <u>\$ 14,126,406</u> |
| Business-Type Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 4,133,844 | \$ - | \$ - | \$ 4,133,844 |
| Construction in progress | 1,911,479 | 3,541,704 | 1,287,482 | 4,165,701 |
| Total capital assets not being depreciated | <u>6,045,323</u> | <u>3,541,704</u> | <u>1,287,482</u> | <u>8,299,545</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 2,924,793 | - | - | 2,924,793 |
| Improvements other than buildings | 8,536,703 | 1,234,080 | (634,398) | 10,405,181 |
| Infrastructure | 52,066,114 | 647,285 | (653,085) | 53,366,484 |
| Machinery and equipment | 7,879,878 | 400,259 | 53,181 | 8,226,956 |
| Total capital assets being depreciated | <u>71,407,488</u> | <u>2,281,624</u> | <u>(1,234,302)</u> | <u>74,923,414</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | (1,067,296) | (136,348) | - | (1,203,644) |
| Improvements other than buildings | (2,385,836) | (581,726) | - | (2,967,562) |
| Infrastructure | (36,855,169) | (1,653,113) | - | (38,508,282) |
| Machinery and equipment | (6,419,965) | (574,351) | (50,413) | (6,943,903) |
| Total accumulated depreciation | <u>(46,728,266)</u> | <u>(2,945,538)</u> | <u>(50,413)</u> | <u>(49,623,391)</u> |
| Total capital assets being depreciated, net | <u>24,679,222</u> | <u>(663,914)</u> | <u>(1,284,715)</u> | <u>25,300,023</u> |
| Business-Type Activities, net | <u>\$ 30,724,545</u> | <u>\$ 2,877,790</u> | <u>\$ 2,767</u> | <u>\$ 33,599,568</u> |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 5 - CHANGES IN CAPITAL ASSETS (Continued)

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

Governmental Activities

| | |
|------------------------|----------------|
| General government | \$ 115,670 |
| Public safety | 366,415 |
| Transportation | 357,684 |
| Economic environment | 81,298 |
| Culture and recreation | <u>716,052</u> |

| | |
|--|----------------------------|
| Total depreciation expense - governmental activities | <u><u>\$ 1,637,119</u></u> |
|--|----------------------------|

Business-Type Activities

| | |
|--------------------------------|--------------|
| Water and Sewer | \$ 256,213 |
| Natural Gas | 370,252 |
| South Santa Rosa Utility | 2,182,181 |
| Stormwater Management | 133,897 |
| Gulf Breeze Financial Services | <u>2,995</u> |

| | |
|---|----------------------------|
| Total depreciation expense - business-type activities | <u><u>\$ 2,945,538</u></u> |
|---|----------------------------|

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, 2020

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 27.45% for police officer and firefighter (special risk) employees, 13.00% for regular employees, and 16.98% for DROP.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 are listed below.

| | |
|-------------------------|----------------------|
| General employees | \$ 6,194 |
| Special risk employees | 17,978 |
| DROP | <u>6,022</u> |
| Total contributions | <u>\$ 30,194</u> |

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

At September 30, 2020, the City reported a net pension liability of \$562,040 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of net pension liability was based on the City's fiscal year 2020 contributions relative to the fiscal year 2020 contributions of all participating members. At June 30, 2020, the City's proportionate share was 0.001296713%, which was a decrease of 0.000578725% from its proportionate share measured at June 30, 2019.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, the City recognized pension expense of \$59,295 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 | \$ 21,509 | \$ - |
| Change in assumptions | 102,700 | - |
| Net difference between projected and actual earnings on FRS Pension Plan investments | 33,463 | - |
| Changes in proportion and differences between City FRS Pension Plan contributions and proportionate share of FRS Pension Plan contributions | 7,664 | 191,654 |
| City FRS Pension Plan contributions subsequent to measurement date | 6,914 | - |
| | \$ 172,250 | \$ 191,654 |

The deferred outflows of resources related to pensions totaling \$6,914 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, 2021. 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 | | | |
|-----------------------------|--|----|----------|
| 2021 | | \$ | (14,774) |
| 2022 | | | 4,073 |
| 2023 | | | 6,055 |
| 2024 | | | (4,026) |
| 2025 | | | (17,646) |
| Thereafter | | | - |
| | | \$ | (26,318) |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 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 | 6.90%, 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, 2020 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% | 2.20% | 2.20% | 1.20% |
| Fixed income | 19.00% | 3.00% | 2.90% | 3.50% |
| Global equity | 54.20% | 8.00% | 6.70% | 17.40% |
| Real estate (property) | 10.30% | 6.40% | 5.80% | 11.70% |
| Private equity | 11.10% | 10.80% | 8.10% | 25.70% |
| Strategic investments | 4.40% | 5.50% | 5.30% | 6.90% |
| | <u>100.00%</u> | | | |
| Assumed inflation - Mean | | 2.40% | | 1.70% |

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

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 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 | \$ 897,443 | \$ 562,040 | \$ 281,863 |

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, 2020 the City reported a payable of \$2,229 for the outstanding amount of contributions to the FRS Pension Plan required for the year ended September 30, 2020.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020, 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, 2020 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 \$7,074 for the year ended September 30, 2020 .

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, the City reported a net pension liability of \$94,477 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

The City's proportionate share of net pension liability was based on the City's fiscal year 2020 contributions relative to the fiscal year 2020 contributions of all participating members. At June 30, 2020, the City's proportionate share was 0.000773781%, which was a decrease of 0.000359652% from its proportionate share measured at June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense (income) of \$(18,304) 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 | \$ 3,865 | \$ 73 |
| Change in assumptions | 10,159 | 5,493 |
| Net difference between projected and actual earnings on HIS Plan investments | 75 | - |
| Changes in proportion and differences between City HIS Plan contributions and proportionate share of HIS Plan contributions | - | 81,061 |
| City HIS Plan contributions subsequent to measurement date | 725 | - |
| | \$ 14,824 | \$ 86,627 |

The deferred outflows of resources related to pensions totaling \$725 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, 2021.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 | | |
|-----------------------------|----|----------|
| 2021 | \$ | (18,966) |
| 2022 | | (16,052) |
| 2023 | | (15,585) |
| 2024 | | (9,020) |
| 2025 | | (7,157) |
| Thereafter | | (5,748) |
| | \$ | (72,528) |

E. Actuarial Assumptions

Actuarial valuations for the HIS Plan are conducted biennially. The July 1, 2020 HIS valuation is the most recent actuarial valuation and was used to develop the total pension liability amount as of June 30, 2020. The July 1, 2020 actuarial valuation was determined using the following actuarial assumptions at the June 30, 2019 measurement date:

| | |
|---------------------|-------------------------------------|
| Inflation | 2.60% |
| Salary increases | 3.25%, average, including inflation |
| Municipal Bond Rate | 3.50% |

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, 2020**

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 3.50%. 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 3.50% 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 (2.50%) or 1% point higher (4.50%) than the current rate:

| | 1% Decrease (2.50%) | Current Discount Rate (3.50%) | 1% Increase (4.50%) |
|--|---------------------------|-------------------------------------|---------------------------|
| City's proportionate share of the net pension liability | \$ 109,212 | \$ 94,477 | \$ 82,417 |

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, 2020 the City reported a payable of \$444 for the outstanding amount of contributions to the HIS Plan required for the year ended September 30, 2020.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020**

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, 2020**

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 \$246,139 for the year ended September 30, 2020.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

D. Actuarial Assumptions

| | |
|----------------------------|--|
| Employer's reporting date: | September 30, 2020 |
| Measurement date: | September 30, 2020 |
| Actuarial valuation date: | October 1, 2019 |
| Discount rate: | 7.00% per annum (2.77% 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 RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB |
| 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. |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

D. Actuarial Assumptions (Continued)

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, 2020 (see the discussion of the Police Pension Plan's investment policy) are summarized in the following table:

| <u>Investment Category</u> | <u>Target Allocation</u> | <u>Expected Long-Term Real Return</u> | |
|--------------------------------------|------------------------------|---|-----------|
| Core bonds | 15.00% | 1.60% | per annum |
| Core plus | 15.00% | 2.10% | per annum |
| U.S. large cap equity | 34.00% | 4.60% | per annum |
| U.S. small cap equity | 11.00% | 5.50% | per annum |
| Non-U.S. equity | 15.00% | 6.70% | per annum |
| Core real estate | 10.00% | 5.00% | per annum |
| Total or weighted arithmetic average | <u>100.00%</u> | <u>4.23%</u> | per annum |

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, 2020**

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, 2019 | \$ 4,752,090 | \$ (5,253,469) | \$ (501,379) |
| Change due to: | | | |
| Service cost | 320,289 | - | 320,289 |
| Expected interest growth | 352,866 | (368,544) | (15,678) |
| Unexpected investment income | - | 8,312 | 8,312 |
| Demographic experience | 285,728 | - | 285,728 |
| Employer contributions | - | (304,573) | (304,573) |
| Employee contributions | - | (38,549) | (38,549) |
| Benefit payments & refunds | (300,906) | 300,906 | - |
| Administrative expenses | - | 18,946 | 18,946 |
| Changes in benefit terms | - | - | - |
| Assumption changes | - | - | - |
| Balance as of September 30, 2020 | <u>\$ 5,410,067</u> | <u>\$ (5,636,971)</u> | <u>\$ (226,904)</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 of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability 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 | \$ 6,356,277 | \$ 5,410,067 | \$ 4,654,477 |
| Less fiduciary net position | (5,636,971) | (5,636,971) | (5,636,971) |
| Net pension asset | <u>\$ 719,306</u> | <u>\$ (226,904)</u> | <u>\$ (982,494)</u> |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020, the City recognized pension expense of \$277,475. At September 30, 2020 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 |
|----------------------------------|--------------------------------------|-------------------------------------|
| Balance as of September 30, 2019 | \$ 1,242,340 | \$ 1,082,160 |
| Change due to: | | |
| Amortization payments | (192,806) | (200,339) |
| Investment gain/loss | 8,312 | - |
| Demographic gain/loss | 285,728 | - |
| Assumption changes | - | - |
| Total change | 101,234 | (200,339) |
| Balance as of September 30, 2020 | \$ 1,343,574 | \$ 881,821 |

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 | | |
|-----------------------------|--|------------|
| 2021 | | \$ 2,912 |
| 2022 | | 57,252 |
| 2023 | | 66,407 |
| 2024 | | 53,154 |
| 2025 | | 51,490 |
| Thereafter | | 230,538 |
| | | \$ 461,753 |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)

Florida League of Cities - Police Officers (Continued)

J. Payables to the Pension Plan

At September 30, 2020 the City had no payable to the pension plan required for the year ended September 30, 2020.

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 comprehensive annual financial report.

Entity-wide Information

Pension expense for all defined benefit pension plans totaled \$318,466 for the year ended September 30, 2020.

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, 2020**

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, 2020, 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, 2020, the City reported a total OPEB liability of \$113,764 for the single-employer plan. The total OPEB liability was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date. The total OPEB liability as of September 30, 2020, reflects the following changes of benefit terms and actuarial assumptions for the plan:

- The interest rate changed from the beginning of the year of 2.66% to 2.21% as of the end of the year.
- The initial trend rate was reset to 6.5%, 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 was updated from RP-2014 table projected forward using the MP-2018 to Pub-2010 table projected forward using scale MP-2020.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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, 2020 were as follows:

| | |
|-------------------------------|--|
| Discount rate: | 2.21% 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 6.5%; 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, 2020**

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, 2019 | \$ 80,426 | \$ - | \$ 80,426 |
| Change for the year: | | | |
| Service cost | 4,615 | - | 4,615 |
| Interest cost | 2,178 | - | 2,178 |
| Differences between expected and actual experience | 14,793 | - | 14,793 |
| Changes in assumptions or other inputs | 18,068 | - | 18,068 |
| Benefit payments | (6,316) | - | (6,316) |
| Balances as of September 30, 2020 | <u>\$ 113,764</u> | <u>\$ -</u> | <u>\$ 113,764</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 (1.21%) or 1% point higher (3.21%) than the current discount rate.

| <u>OPEB Discount Rate Sensitivity</u> | 1% Decrease 1.21% | Current Discount Rate 2.21% | 1% Increase 3.21% |
|---------------------------------------|-------------------------|-----------------------------------|-------------------------|
| City's total OPEB Liability | \$ 100,000 | \$ 113,764 | \$ 131,000 |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 (5.50% decreasing to 3.50%) or 1% point higher (7.50% decreasing to 5.50%) than the current rate.

| <u>Health Care Cost Trend Rate Sensitivity</u> | Healthcare Cost | | |
|--|--|--|--|
| | 1% Decrease (5.50% decreasing to 3.50%) | Trend Rates (6.50% decreasing to 4.50%) | 1% Increase (7.50% decreasing to 5.50%) |
| City's total OPEB Liability | \$ 106,000 | \$ 113,764 | \$ 123,000 |

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, 2020 totaled \$314,285, which was equal to the required contributions for the year.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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, 2020, were \$83,457.

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, 2020**

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>2020</u> | <u>2019</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, 2020**

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 | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-------------------|---------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Revenue Improvement Bonds, Series 2007 | \$ 6,947,600 | \$ - | \$ (237,600) | \$ 6,710,000 | \$ 246,400 |
| Less deferred amounts for issuance discount | (28,347) | - | 1,590 | (26,757) | - |
| Compensated absences | 307,437 | 292,175 | (279,744) | 319,868 | 33,723 |
| Total governmental activities, long term debt and other liabilities | <u>\$ 7,226,690</u> | <u>\$ 292,175</u> | <u>\$ (515,754)</u> | <u>\$ 7,003,111</u> | <u>\$ 280,123</u> |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Changes in Non-Current Liabilities (Continued)

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Business-type activities: | | | | | |
| SSRU Refunding Revenue Note, Series 2016 | \$ 1,135,000 | \$ - | \$ (815,000) | \$ 320,000 | \$ 320,000 |
| Add deferred amounts for issuance premium | 23,843 | - | (23,843) | - | - |
| Revenue Improvement Bonds, Series 2007 | 947,400 | - | (32,400) | 915,000 | 33,600 |
| SSRU Refunding Revenue Note Revenue Improvement Bonds, Series 2016A | 2,706,578 | - | (237,732) | 2,468,846 | 244,507 |
| Revenue Improvement Bonds, Series 2016A | 4,587,364 | - | (136,564) | 4,450,800 | 142,028 |
| Revenue Improvement Bonds, Series 2016B | 2,363,827 | - | (70,396) | 2,293,431 | 73,212 |
| Stormwater Improvement Bonds, Series 2020 | - | 1,350,000 | (30,237) | 1,319,763 | 51,440 |
| Capital lease payable, meters | 2,841,594 | - | (364,821) | 2,476,773 | 399,285 |
| State revolving loan | 722,472 | - | (46,049) | 676,423 | 47,464 |
| Water relocation note payable | - | 195,845 | - | 195,845 | 17,270 |
| Sewer relocation note payable | - | 752,877 | - | 752,877 | 66,390 |
| Gas relocation note payable | - | 715,452 | - | 715,452 | 63,089 |
| Unearned revenue | 20,816 | 2,935 | - | 23,751 | - |
| Compensated absences | 186,147 | 296,484 | (230,962) | 251,669 | 40,557 |
| Total business-type activities, long term debt and other liabilities | \$ 15,535,041 | \$ 3,313,593 | \$ (1,988,004) | \$ 16,860,630 | \$ 1,498,842 |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Description of Long-Term Debt and Other Liabilities Outstanding

| | Current | Non-Current | Total |
|---|-------------------|---------------------|---------------------|
| 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. | \$ 246,400 | \$ 6,463,600 | \$ 6,710,000 |
| Less unamortized bond discount | - | (26,757) | (26,757) |
| Total Governmental Activities | \$ 246,400 | \$ 6,436,843 | \$ 6,683,243 |
| | | | |
| \$2,650,000, City of Gulf Breeze, Florida, South Santa Rosa Utility System Refunding Revenue Note, Series 2016, due in annual installments of \$320,000 to \$815,000 through 2021; interest rate at 1.339%. Secured by pledged revenues of the City's utility systems. Proceeds used to refund all of the City's Series 2004 South Santa Rosa Utility System Revenue Bonds. | \$ 320,000 | \$ - | \$ 320,000 |
| Add unamortized bond premium | - | - | - |
| | 320,000 | - | 320,000 |
| | | | |
| \$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. | 33,600 | 881,400 | 915,000 |
| | | | |
| \$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. | 244,507 | 2,224,339 | 2,468,846 |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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> |
|---|----------------|-------------------|-------------------|
| <i>Revenue Bonds (Continued)</i> | | | |
| \$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. | 142,028 | 4,308,772 | 4,450,800 |
| \$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. | 73,212 | 2,220,219 | 2,293,431 |
| \$1,350,00, 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. | <u>51,440</u> | <u>1,268,323</u> | <u>1,319,763</u> |
| <i>Total Bonds and Notes</i> | <u>864,787</u> | <u>10,903,053</u> | <u>11,767,840</u> |
| <i>Capital Lease</i> | | | |
| Capital lease with SunTrust 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>399,285</u> | <u>2,077,488</u> | <u>2,476,773</u> |
| <i>State Revolving Loan</i> | | | |
| 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>47,464</u> | <u>628,959</u> | <u>676,423</u> |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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> |
|---|---------------------|----------------------|----------------------|
| <i>Relocation Notes</i> | | | |
| Relocation note payable of \$195,845, due in annual payments of \$22,775, through January 15, 2030, imputed interest rate of 2.85%. | 17,270 | 178,575 | 195,845 |
| Relocation note payable of \$752,877, due in annual payments of \$87,553, through January 15, 2030, imputed interest rate of 2.85%. | 66,390 | 686,487 | 752,877 |
| Relocation note payable of \$715,452, due in annual payments of \$83,200, through January 15, 2030, imputed interest rate of 2.85%. | 63,089 | 652,363 | 715,452 |
| Total Business-Type Activities | <u>\$ 1,458,285</u> | <u>\$ 15,126,925</u> | <u>\$ 16,585,210</u> |
| Grand Total Long-Term Debt | | | <u>\$ 23,268,453</u> |

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding as of September 30, 2020, are as follows:

| <u>Years Ending September 30,</u> | <u>Revenue Improvement Bonds</u> | |
|---------------------------------------|----------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 246,400 | \$ 313,778 |
| 2022 | 255,200 | 302,774 |
| 2023 | 268,400 | 291,121 |
| 2024 | 281,600 | 278,570 |
| 2025 | 290,400 | 265,342 |
| 2026-2030 | 1,685,200 | 1,102,731 |
| 2031-2035 | 2,138,400 | 635,432 |
| 2036-2040 | 1,544,400 | 99,380 |
| | <u>\$ 6,710,000</u> | <u>\$ 3,289,128</u> |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Annual Requirements to Amortize Debt Outstanding (Continued)

Business-Type Activities (Continued)

| Years Ending September 30, | 2016 Refunding Revenue Note | | 2007 Revenue Improvement Bonds | | 2013 Refunding Revenue Note | |
|-------------------------------|--------------------------------|-----------------|-----------------------------------|-------------------|--------------------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | 2021 | \$ 320,000 | \$ 2,148 | \$ 33,600 | \$ 42,788 | \$ 244,507 |
| 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 |
| 2026-2030 | - | - | 229,800 | 124,842 | 1,174,610 | 69,145 |
| 2031-2035 | - | - | 291,600 | 100,652 | - | - |
| 2036-2040 | - | - | 210,600 | 25,080 | - | - |
| | <u>\$ 320,000</u> | <u>\$ 2,148</u> | <u>\$ 915,000</u> | <u>\$ 448,517</u> | <u>\$ 2,468,846</u> | <u>\$ 334,614</u> |

| Years Ending September 30, | Series 2016A Revenue Bonds | | Series 2016B Improvement Bonds | | Series 2020 Improvement Bonds | |
|-------------------------------|-------------------------------|-------------------|-----------------------------------|-------------------|----------------------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | 2021 | \$ 142,028 | \$ 181,332 | \$ 73,212 | \$ 93,417 | \$ 51,440 |
| 2022 | 147,709 | 175,546 | 76,140 | 90,434 | 52,916 | 35,773 |
| 2023 | 153,618 | 169,528 | 79,186 | 87,332 | 54,435 | 34,254 |
| 2024 | 159,762 | 163,269 | 82,353 | 84,106 | 55,998 | 32,692 |
| 2025 | 166,153 | 156,761 | 85,647 | 80,751 | 57,604 | 31,084 |
| 2026-2030 | 3,681,530 | 149,991 | 1,896,893 | 77,261 | 313,793 | 129,650 |
| 2031-2035 | - | - | - | - | 361,490 | 81,955 |
| 2036-2040 | - | - | - | - | 372,087 | 27,011 |
| | <u>\$ 4,450,800</u> | <u>\$ 996,427</u> | <u>\$ 2,293,431</u> | <u>\$ 513,301</u> | <u>\$ 1,319,763</u> | <u>\$ 409,668</u> |

| Years Ending September 30, | SunTrust Equipment Lease | | State Revolving Loan | | Relocation Note | |
|-------------------------------|--------------------------|-------------------|----------------------|-------------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | 2021 | \$ 399,285 | \$ 66,715 | \$ 47,464 | \$ 20,727 | \$ 17,270 |
| 2022 | 442,721 | 55,279 | 48,923 | 18,813 | 17,686 | 5,089 |
| 2023 | 490,495 | 42,505 | 50,426 | 17,310 | 18,190 | 4,585 |
| 2024 | 534,547 | 28,453 | 51,976 | 15,760 | 18,708 | 4,067 |
| 2025 | 443,945 | 13,157 | 53,573 | 14,162 | 19,241 | 3,534 |
| 2026-2030 | 165,780 | 2,323 | 293,600 | 45,080 | 104,751 | 9,124 |
| 2031-2035 | - | - | 130,461 | 5,011 | - | - |
| | <u>\$ 2,476,773</u> | <u>\$ 208,432</u> | <u>\$ 676,423</u> | <u>\$ 136,863</u> | <u>\$ 195,846</u> | <u>\$ 31,904</u> |

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12 - NON-CURRENT LIABILITIES (Continued)

Annual Requirements to Amortize Debt Outstanding (Continued)

Business-Type Activities (Continued)

| Years Ending <u>September 30,</u> | Relocation Note | | Relocation Note | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2021 | \$ 66,390 | \$ 21,163 | \$ 63,089 | \$ 20,111 |
| 2022 | 67,988 | 19,565 | 64,608 | 18,592 |
| 2023 | 69,925 | 17,627 | 66,449 | 16,751 |
| 2024 | 71,918 | 15,634 | 68,343 | 14,857 |
| 2025 | 73,968 | 13,585 | 70,291 | 12,909 |
| 2026-2030 | 402,688 | 35,075 | 382,671 | 33,331 |
| | <u>\$ 752,877</u> | <u>\$ 122,649</u> | <u>\$ 715,451</u> | <u>\$ 116,551</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.

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.

At September 30, 2020, the City has \$320,000 of bonds outstanding that are considered to be defeased.

**CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 14 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at September 30, 2020 is as follows:

Interfund Balances

| Receivable Fund | Payable Fund | Amount |
|-----------------|--------------------------------|---------------------|
| General | Natural Gas | \$ 1,500,000 |
| General | Stormwater Management | 500,000 |
| General | South Santa Rosa Utility | 1,150,000 |
| General | Red Light | 251,172 |
| General | Gulf Breeze Financial Services | 636,000 |
| General | Solid Waste | 53,000 |
| | | <u>\$ 4,090,172</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 have to be paid back by October 1, 2021. The advance accrues interest at 3% annually. The balance at September 30, 2020 includes accrued interest of \$36,000.

Interfund Transfers

| Transfers Out | Transfers In | | | | | Total |
|--------------------------|---------------------|------------------------|-----------------|--------------------------|-----------------------|---------------------|
| | General | Non-major Governmental | Water and Sewer | South Santa Rosa Utility | Stormwater Management | |
| General | \$ - | \$ - | \$ - | \$ 347,491 | \$ 1,527,811 | \$ 1,875,302 |
| Urban Core Redevelopment | 282,296 | - | - | - | 88,244 | 370,540 |
| Water and Sewer | 198,258 | - | - | 348,110 | - | 546,368 |
| Natural Gas | 84,057 | - | - | 139,385 | - | 223,442 |
| South Santa Rosa Utility | 348,143 | - | - | - | - | 348,143 |
| Stormwater Management | 57,085 | - | - | - | - | 57,085 |
| Non-major Governmental | 568,784 | - | - | - | - | 568,784 |
| Non-major Proprietary | 46,574 | - | - | - | - | 46,574 |
| Totals | <u>\$ 1,585,197</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 834,986</u> | <u>\$ 1,616,055</u> | <u>\$ 4,036,238</u> |

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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 \$1,585,197 for the 2020 fiscal year. Some examples of transfers to the General Fund include transfers from the Red Light Fund (non-major governmental) to provide funding for overtime provided by the police department for traffic enforcement, plus funding for new police cruisers and other law enforcement equipment. The Tourism Development Fund (non-major governmental fund) transfers to the General Fund are used to help defray the costs for the maintenance of beach access points, fishing piers and other tourism related destinations. The Urban Core Redevelopment fund provides funding to defray the costs associated with law enforcement in the CRA, in addition to funds associated with defraying the payroll costs associated with planning and management of the area. The City Water Fund contributed to the General Fund for shared debt agreements and shared payroll costs. The Natural Gas Fund contributed to the City for shared payroll costs and for debt between the two funds. The City's General Fund contributed towards Stormwater initiatives and operations. The South Santa Rosa Utilities received funding from the City Water and Sewer Fund towards shared capital infrastructure costs between the two utilities; received funding for prior debt payments agreements with the Natural Gas Fund; and received funding from the General Fund related to financing/debt agreements. The total amount of transfers into the South Santa Rosa Utilities is \$834,986 for the 2020 fiscal year. The SSRUS Fund contributed \$171,000 towards the operations of the Tiger Point Golf Course in the 2020 fiscal year.

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 2020, the City's investment value in the joint venture increased by \$599,625 and as of September 30, 2020, was \$4,184,994. A copy of the financial statements for FRUS is available by writing to 8574 Turkey Bluff Road, Navarre, Florida 32569.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 15 - JOINT VENTURE (Continued)

The City has a non-interest bearing note receivable from FRUS requiring monthly payments of \$1,457 through September 2025. The amount due from FRUS totaled \$87,445 at September 30, 2020.

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 1,957,909 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, 2020, 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, 2020, 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, 2020 were \$40,694, of which \$3,486 remained unpaid and is included in CTA accrued liabilities as of September 30, 2020.

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, 2020, those expenses totaled \$300,000, of which \$166,528 remained unpaid and is included in CTA’s accrued liabilities as of September 30, 2020.

In August 2007, CTA-CDE was certified as a Community Development Entity (CDE) by the Community Development Financial Institutions (CDFI) Fund of the United States Department of the Treasury. Certification as a CDE allowed CTA-CDE to become eligible to apply to the CDFI Fund for the allocation of New Market Tax Credits (NMTCs). CTA-CDE was granted an allocation of \$75 million of NMTC authority from the CDFI Fund under the American Recovery and Reinvestment Act of 2009 and pursuant to an Allocation Agreement dated June 18, 2009. Through this allocation, CTA-CDE is authorized to allocate the tax credits to private equity investors in CTA-CDE.

The funds raised by CTA-CDE through the NMTCs are used to invest in or lend to projects in Florida meeting the low-income community eligibility requirements, as outlined by the CDFI Fund.

Under CTA-CDE’s Allocation Agreement with the CDFI Fund, the following entities have become approved Subsidiary Allocatees of CTA-CDE: CTA CDE Sub 1, LLC; CTA CDE Sub 2, LLC; CTA CDE Sub 3, LLC; CTA CDE Sub 4, LLC; and CTA CDE Sub 5, LLC. The membership interest in the final Subsidiary Allocatee ceased during the year ended September 30, 2019.

CITY OF GULF BREEZE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 16 - RELATED PARTY TRANSACTIONS (Continued)

Per the management and administration agreement between CTA-CDE and the Subsidiary Allocatees, CTA-CDE is to receive an annual asset management fee in the aggregate amount of up to \$271,995 for its services in managing and administering the Subsidiary Allocatees. For the year ended September 30, 2020, no asset management fee had been earned and recognized. In addition, in accordance with the terms of the Subsidiary Allocatees operating agreement, CTA-CDE is to be paid fees in connection with the assignment of a portion of CTA-CDE's NMTC allocation to the Subsidiary Allocatees. No such fees were earned during the year ended September 30, 2020.

Per the operating agreements of the Subsidiary Allocatees, CTA-CDE earns fees for its payment of operating expenses on the Subsidiary Allocatees' behalf. For the year ended September 30, 2020, such fees earned were \$25,391 and are included in miscellaneous income on the statement of activities.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Grant Receipts

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

Construction Contracts

The City has approximately \$5,360,000 in engineering services and construction contracts. As of September 30, 2020, the remaining contractual commitments under these contracts totaled approximately \$2,291,000.

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 1,957,909 gallons of water per day over the billing period.

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City of Gulf Breeze's proportion of net pension liability | 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 | \$ 562,040 | \$ 645,875 | \$ 610,995 | \$ 594,282 | \$ 701,325 | \$ 334,599 | \$ 185,269 |
| City of Gulf Breeze's covered payroll | \$ 211,198 | \$ 371,073 | \$ 445,524 | \$ 438,197 | \$ 554,088 | \$ 618,721 | \$ 608,979 |
| City of Gulf Breeze's proportionate share of net pension liability as a percentage of its covered payroll | 266.12% | 174.06% | 137.14% | 135.62% | 126.57% | 54.08% | 30.42% |
| Plan fiduciary net position as a percentage of the total pension liability | 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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City of Gulf Breeze's proportion of net pension liability | 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 | \$ 94,477 | \$ 126,820 | \$ 144,373 | \$ 146,322 | \$ 219,620 | \$ 203,479 | \$ 208,356 |
| City of Gulf Breeze's covered payroll | \$ 211,198 | \$ 371,073 | \$ 445,524 | \$ 438,197 | \$ 554,088 | \$ 618,721 | \$ 608,979 |
| City of Gulf Breeze's proportionate share of net pension liability as a percentage of its covered payroll | 44.73% | 34.18% | 32.41% | 33.39% | 39.64% | 32.89% | 34.21% |
| Plan fiduciary net position as a percentage of the total pension liability | 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*

Schedule A-3

| | <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> |
|---|---------------------|---------------------|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|-------------------|
| Total pension liability | \$ 5,410,067 | \$ 4,752,115 | \$ 4,609,688 | \$ 4,076,747 | \$ 4,181,611 | \$ 3,720,885 | \$ 2,986,232 | \$ 2,724,845 | \$ 3,608,235 |
| Plan fiduciary net position | <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> | <u>3,769,799</u> | <u>3,314,601</u> | <u>2,779,873</u> |
| Employer net pension liability (asset) - ending | <u>\$ (226,904)</u> | <u>\$ (501,354)</u> | <u>\$ (154,334)</u> | <u>\$ (839,663)</u> | <u>\$ 46,998</u> | <u>\$ (180,572)</u> | <u>\$ (783,567)</u> | <u>\$ (589,756)</u> | <u>\$ 828,362</u> |
| Plan fiduciary net position as a % of total pension liability | 104.19% | 110.55% | 103.35% | 120.60% | 98.88% | 104.85% | 126.24% | 121.64% | 77.04% |
| Covered payroll | \$ 879,140 | \$ 757,353 | \$ 702,730 | \$ 621,418 | \$ 632,650 | \$ 560,545 | \$ 573,863 | \$ 573,863 | \$ 563,728 |
| Employer's net pension liability as a percentage of covered payroll | -25.81% | -66.20% | -21.96% | -135.12% | N/A | N/A | N/A | -102.77% | 146.94% |

* 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 2012 was not available.

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

Schedule A-4

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 30,194 | \$ 51,715 | \$ 53,247 | \$ 47,110 | \$ 57,239 | \$ 59,916 | \$ 67,591 |
| Contributions in relation to the contractually required contribution | <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> |
| City of Gulf Breeze's covered payroll ** | \$ 211,198 | \$ 371,073 | \$ 438,225 | \$ 438,197 | \$ 554,088 | \$ 618,721 | \$ 608,979 |
| Contribution as a percentage of covered payroll | 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>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 7,074 | \$ 12,895 | \$ 13,923 | \$ 13,114 | \$ 16,807 | \$ 13,687 | \$ 14,066 |
| Contributions in relation to the contractually required contribution | <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> |
| City of Gulf Breeze's covered payroll ** | \$ 211,198 | \$ 371,073 | \$ 438,225 | \$ 438,197 | \$ 554,088 | \$ 618,721 | \$ 608,979 |
| Contribution as a percentage of covered payroll | 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>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 | \$ 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>(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> |
| City of Gulf Breeze's covered payroll | \$ 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 | 28.00% | 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; information prior to fiscal year 2012 was not available.

CITY OF GULF BREEZE, FLORIDA
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
FLORIDA MUNICIPAL PENSION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2020

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 | \$ | 38,549 |
| Employer | \$ | 246,139 |
| State of Florida | \$ | 77,015 |
| Net pension asset | \$ | 226,904 |
| Actuarial valuation date | | 10/1/2019 |
| Actuarial cost method | | Aggregate cost method |
| Asset valuation method | | Market value |
| Actuarial assumptions: | | |
| Interest (or discount) rate | | 7.00% per annum (2.77% 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 RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB |
| Future contributions | | Contributions from the employer and employees are assumed to be made as legally required. |
| Changes | | No assumptions have been changed since the prior measurement date. |

**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS**

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|------------------|
| Total OPEB liability | | |
| Service cost | \$ 4,615 | \$ 4,178 |
| Interest | 2,178 | 2,778 |
| Differences between expected and actual experience | 14,793 | - |
| Changes in assumptions or other inputs | 18,068 | 3,461 |
| Benefit payments | <u>(6,316)</u> | <u>(4,712)</u> |
| Net change in total OPEB liability | 33,338 | 5,705 |
| Total OPEB liability - beginning | 80,426 | 74,721 |
| Total OPEB liability - ending | <u>\$ 113,764</u> | <u>\$ 80,426</u> |
| | | |
| Covered payroll | \$ 5,354,935 | \$ 4,198,000 |
| | | |
| City's total OPEB liability as a percentage of covered-employee payroll | 2% | 2% |

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

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.

CITY OF GULF BREEZE, FLORIDA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

Schedule B-1

| | Traffic Citation Special Revenue | Police Special Revenue | Tourist Development Special Revenue | Total |
|--|--|------------------------------|---|-------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 284,964 | \$ 91,959 | \$ - | \$ 376,923 |
| Due from other governments | 5,598 | 2,852 | 102,920 | 111,370 |
| Receivables | - | 500 | - | 500 |
| Restricted assets | | | | |
| Cash and cash equivalents | - | 92,300 | 279,553 | 371,853 |
| Total Assets | \$ 290,562 | \$ 187,611 | \$ 382,473 | \$ 860,646 |
| Liabilities: | | | | |
| Accounts payable | \$ 19,622 | \$ 339 | \$ - | \$ 19,961 |
| Accrued liabilities | 1,489 | 230 | - | 1,719 |
| Interfund payables | 251,772 | (600) | - | 251,172 |
| Due to other governments | 17,679 | - | - | 17,679 |
| Total liabilities | 290,562 | (31) | - | 290,531 |
| Fund Balances: | | | | |
| Restricted | | | | |
| Public safety | - | 187,642 | - | 187,642 |
| Community redevelopment | - | - | 382,473 | 382,473 |
| Assigned | | | | |
| Public safety | - | - | - | - |
| Total fund balances | - | 187,642 | 382,473 | 570,115 |
| Total Liabilities and Fund Balances | \$ 290,562 | \$ 187,611 | \$ 382,473 | \$ 860,646 |

CITY OF GULF BREEZE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

Statement B-2

| | Traffic Citation Special Revenue | Police Special Revenue | Tourist Development Special Revenue | Total |
|---|--|------------------------------|---|-------------------|
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ 260,273 | \$ 260,273 |
| Intergovernmental | - | 31,493 | - | 31,493 |
| Fines and forfeitures | 416,284 | 14,467 | - | 430,751 |
| Investment earnings | - | 51 | - | 51 |
| Miscellaneous | 50 | - | - | 50 |
| Total revenues | <u>416,334</u> | <u>46,011</u> | <u>260,273</u> | <u>722,618</u> |
| Expenditures: | | | | |
| Current | | | | |
| General government | - | 3,757 | - | 3,757 |
| Public safety | 268,130 | 9,824 | - | 277,954 |
| Culture and recreation | - | - | 29,416 | 29,416 |
| Capital outlay | - | 28,592 | - | 28,592 |
| Total expenditures | <u>268,130</u> | <u>42,173</u> | <u>29,416</u> | <u>339,719</u> |
| Excess of Revenues Over Expenditures | 148,204 | 3,838 | 230,857 | 382,899 |
| Other Financing Sources (Uses): | | | | |
| Transfers out | <u>(451,204)</u> | <u>-</u> | <u>(117,580)</u> | <u>(568,784)</u> |
| Net change in fund balances | (303,000) | 3,838 | 113,277 | (185,885) |
| Fund Balances: | | | | |
| Beginning of year | <u>303,000</u> | <u>183,804</u> | <u>269,196</u> | <u>756,000</u> |
| End of year | <u>\$ -</u> | <u>\$ 187,642</u> | <u>\$ 382,473</u> | <u>\$ 570,115</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, 2020

Statement B-3

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|-----------------|--------------|------------|---|
| Revenues: | | | | |
| Fines and forfeitures | \$ 428,900 | \$ 428,900 | \$ 416,284 | \$ (12,616) |
| Miscellaneous | - | - | 50 | 50 |
| Total revenues | 428,900 | 428,900 | 416,334 | (12,566) |
| Expenditures: | | | | |
| Current | | | | |
| Public safety | 273,900 | 273,847 | 268,130 | 5,717 |
| Excess of revenues over expenditures | 155,000 | 155,053 | 148,204 | (6,849) |
| Other Financing Uses: | | | | |
| Transfers out | (555,000) | (480,000) | (451,204) | 28,796 |
| Appropriation of Fund Balances | 400,000 | 324,947 | - | (324,947) |
| Net change in fund balance | \$ - | \$ - | (303,000) | \$ (331,796) |
| Fund Balance: | | | | |
| Beginning of year | | | 303,000 | |
| End of year | | | \$ - | |

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, 2020

Statement B-4

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|-----------------|--------------|------------|---|
| Revenues: | | | | |
| Taxes | \$ 260,000 | \$ 199,680 | \$ 260,273 | \$ 60,593 |
| Expenditures: | | | | |
| Culture and recreation | 82,100 | 82,100 | 29,416 | 52,684 |
| Excess of revenues over expenditures | 177,900 | 117,580 | 230,857 | 113,277 |
| Other Financing Uses: | | | | |
| Transfers out | (177,900) | (117,580) | (117,580) | - |
| Net change in fund balance | \$ - | \$ - | 113,277 | \$ 113,277 |
| Fund Balance: | | | | |
| Beginning of year | | | 269,196 | |
| End of year | | | \$ 382,473 | |

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, 2020

Statement C-1

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | Solid Waste Control | Innerarity Point Utilities | Total |
|--------------------------------------|------------------------|-------------------------------|-------------------|
| Current Assets: | | | |
| Cash and cash equivalents | \$ 4,023 | \$ 121,339 | \$ 125,362 |
| Receivables, net | 75,244 | 13,308 | 88,552 |
| Restricted cash and cash equivalents | 12,025 | - | 12,025 |
| Total Assets | \$ 91,292 | \$ 134,647 | \$ 225,939 |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

| | | | |
|--|------------------|-------------------|-------------------|
| Current Liabilities: | | | |
| Accounts payable | \$ 79,261 | \$ 11,569 | \$ 90,830 |
| Accrued liabilities | 5,800 | - | 5,800 |
| Interfund payables | 53,000 | - | 53,000 |
| Due to other governments | - | 846 | 846 |
| Payable from restricted assets | | | |
| Customer deposits | 12,025 | - | 12,025 |
| Compensated absences | 661 | - | 661 |
| Total current liabilities | <u>150,747</u> | <u>12,415</u> | <u>163,162</u> |
| Non-Current Liabilities: | | | |
| Compensated absences | 5,613 | - | 5,613 |
| Net pension liability | - | - | - |
| Net other postemployment benefits liability | 1,044 | - | 1,044 |
| Total non-current liabilities | <u>6,657</u> | <u>-</u> | <u>6,657</u> |
| Total Liabilities | <u>157,404</u> | <u>12,415</u> | <u>169,819</u> |
| Net Position: | | | |
| Unrestricted | <u>(66,112)</u> | <u>122,232</u> | <u>56,120</u> |
| Total Liabilities, Deferred Inflows, and Net Position | \$ 91,292 | \$ 134,647 | \$ 225,939 |

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

Statement C-2

| | Solid Waste Control | Innerarity Point Utilities | Total |
|--|------------------------|-------------------------------|------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 839,642 | \$ 37,617 | \$ 877,259 |
| Operating Expenses: | | | |
| Personal services | 195,164 | - | 195,164 |
| Contractual services | 607,498 | 2,567 | 610,065 |
| Insurance | 36,945 | - | 36,945 |
| Supplies | 5,428 | 5,974 | 11,402 |
| Professional services | 17,332 | - | 17,332 |
| Repairs and maintenance | 3,791 | - | 3,791 |
| Office and utilities | 14,201 | 44 | 14,245 |
| Total operating expenses | <u>880,359</u> | <u>8,585</u> | <u>888,944</u> |
| Operating income (loss) | (40,717) | 29,032 | (11,685) |
| Non-Operating Revenues: | | | |
| Miscellaneous | <u>711</u> | <u>-</u> | <u>711</u> |
| Income Before Transfers | (40,006) | 29,032 | (10,974) |
| Transfers: | | | |
| Transfers out | <u>(46,574)</u> | <u>-</u> | <u>(46,574)</u> |
| Changes in Net Position | (86,580) | 29,032 | (57,548) |
| Net Position at Beginning of Year | <u>20,468</u> | <u>93,200</u> | <u>113,668</u> |
| Net Position at End of Year | <u>\$ (66,112)</u> | <u>\$ 122,232</u> | <u>\$ 56,120</u> |

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CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CASH FLOWS - NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020

Statement C-3

| | Solid Waste Control | Innerarity Point Utilities | Total |
|--|------------------------|-------------------------------|------------|
| Cash Flows from Operating Activities: | | | |
| Receipts from customers and users | \$ 844,600 | \$ 36,313 | \$ 880,913 |
| Payments to suppliers and providers | (662,672) | (7,781) | (670,453) |
| Payments to employees | (193,021) | - | (193,021) |
| Net cash provided by (used in) operating activities | (11,093) | 28,532 | 17,439 |
| Cash Flows from Non-Capital Financing Activities: | | | |
| Transfers out | (46,574) | - | (46,574) |
| Net Change in Cash and Cash Equivalents | (57,667) | 28,532 | (29,135) |
| Cash and Cash Equivalents - Beginning of Year | 73,715 | 92,807 | 166,522 |
| Cash and Cash Equivalents - End of Year | \$ 16,048 | \$ 121,339 | \$ 137,387 |
| Displayed As: | | | |
| Cash and cash equivalents | \$ 4,023 | \$ 121,339 | \$ 125,362 |
| Restricted cash | 12,025 | - | 12,025 |
| Total cash and cash equivalents | \$ 16,048 | \$ 121,339 | \$ 137,387 |

CITY OF GULF BREEZE, FLORIDA
STATEMENT OF CASH FLOWS - NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2020
(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) | \$ (40,717) | \$ 29,032 | \$ (11,685) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities - | | | |
| Miscellaneous income | 711 | - | 711 |
| Changes in operating assets and liabilities: | | | |
| Receivables | 4,247 | (1,304) | 2,943 |
| Accounts payable | 22,523 | 804 | 23,327 |
| Accrued liabilities | 4,873 | - | 4,873 |
| Compensated absences | 5,168 | - | 5,168 |
| Net pension liability | (8,942) | - | (8,942) |
| Net OPEB liability | 1,044 | - | 1,044 |
| | <u>1,044</u> | <u>-</u> | <u>1,044</u> |
| Net Cash Provided By Operating Activities | <u>\$ (11,093)</u> | <u>\$ 28,532</u> | <u>\$ 17,439</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.

III. STATISTICAL SECTION

The Statistical Section is part of the City of Gulf Breeze's comprehensive annual financial report and presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity - These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property, sales taxes, and utility revenue.

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. Note the City has no general obligation debt.

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make a comparison over time and with other governments.

Operating Information - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

Table I

| | <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> | <u>2011</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Investment in Capital Assets: | | | | | | | | | | |
| Governmental activities | \$ 7,443,163 | \$ 7,475,882 | \$ 7,640,557 | \$ 7,085,403 | \$ 8,178,037 | \$ 9,722,091 | \$ 10,625,849 | \$ 11,302,841 | \$ 9,652,675 | \$ 4,895,426 |
| Business-type activities | <u>17,014,358</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> | <u>12,368,789</u> |
| Total primary government | <u>\$ 24,457,521</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> | <u>\$ 17,264,215</u> |
| Restricted Net Position: | | | | | | | | | | |
| Governmental activities | \$ 2,577,468 | \$ 2,917,856 | \$ 2,658,510 | \$ 1,947,912 | \$ 968,784 | \$ 753,569 | \$ 485,597 | \$ 711,122 | \$ 879,047 | \$ 994,663 |
| Business-type activities | <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> | <u>844,957</u> |
| Total primary government | <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> | <u>\$ 1,839,620</u> |
| Unrestricted Net Position: | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 5,852,883 |
| Business-type activities | <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> | <u>14,566,239</u> |
| Total primary government | <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> | <u>\$ 20,419,122</u> |
| Total Net Position: | | | | | | | | | | |
| Governmental activities | \$ 17,051,228 | \$ 20,494,837 | \$ 20,923,525 | \$ 22,353,294 | \$ 23,180,791 | \$ 18,148,476 | \$ 18,806,420 | \$ 18,928,072 | \$ 18,221,646 | \$ 11,742,972 |
| Business-type activities | <u>38,540,621</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> | <u>27,779,985</u> |
| Total primary government | <u>\$ 55,591,849</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> | <u>\$ 39,522,957</u> |

SOURCE: City of Gulf Breeze Finance Department.

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

Table II

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses: | | | | | | | | | | |
| Governmental activities - | | | | | | | | | | |
| General government | \$ 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 | \$ 2,140,853 |
| Public safety | 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 | 2,582,913 |
| Transportation | 1,083,492 | 1,143,987 | 977,564 | 1,083,623 | 518,675 | 830,933 | 645,097 | 1,040,137 | 392,737 | 431,961 |
| Economic environment | 413,228 | 336,300 | 293,423 | 659,419 | 550,405 | 539,671 | 480,967 | 458,622 | 470,558 | 434,757 |
| Culture and recreation | 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 | 3,758,787 |
| Debt service interest | 323,191 | 334,785 | 342,652 | 343,507 | 357,915 | 369,894 | 395,462 | 305,046 | 310,536 | 315,231 |
| Total governmental activities | 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 | 9,664,502 |
| Business-type activities - | | | | | | | | | | |
| Water and sewer | 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 | 1,523,787 |
| Natural gas | 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 | 1,388,342 |
| South Santa Rosa Utility | 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 | 4,887,012 |
| Solid waste control | 880,359 | 693,248 | 648,776 | 587,226 | 577,155 | 564,709 | 547,242 | 702,888 | 896,904 | 870,997 |
| Stormwater management | 570,162 | 511,330 | 527,044 | 491,625 | 511,473 | 431,285 | 566,526 | 258,411 | 259,933 | 246,276 |
| Gulf Breeze Financial Services | 240,887 | 247,735 | 1,218,479 | 423,343 | 359,021 | 204,582 | 235,163 | 245,537 | 240,070 | 725,702 |
| Innerarity Point | 8,585 | 16,499 | 13,716 | 23,708 | 15,003 | 16,663 | - | - | - | - |
| Total business-type activities | 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 | 9,642,116 |
| Total primary government expenses | \$ 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 | \$ 19,306,618 |
| Program Revenues: | | | | | | | | | | |
| Government activities - | | | | | | | | | | |
| Charges for services - | | | | | | | | | | |
| General government | \$ 499,823 | \$ 536,651 | \$ 430,302 | \$ 419,408 | \$ 246,268 | \$ 87,414 | \$ 64,546 | \$ 94,215 | \$ 67,903 | \$ 92,983 |
| Public safety | 490,999 | 541,391 | 611,389 | 626,234 | 1,113,580 | 1,012,910 | 845,318 | 901,465 | 749,597 | 345,228 |
| Culture and recreation | 120,634 | 313,130 | 378,847 | 354,538 | 355,232 | 327,605 | 385,295 | 242,762 | 217,271 | 231,431 |
| Operating grants and contributions | 1,649,954 | 1,902,586 | 266,785 | 404,699 | 595,981 | 1,377,663 | 1,984,125 | 3,154,938 | 7,195,117 | 4,054,298 |
| Capital grants and contributions | - | - | 314,312 | - | - | - | - | - | - | - |
| Total governmental activities program revenues | 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 | 4,723,940 |
| Business-type activities - | | | | | | | | | | |
| Charges for services - | | | | | | | | | | |
| Water and sewer | 2,720,911 | 2,711,322 | 2,578,344 | 2,560,106 | 2,492,620 | 2,339,659 | 2,015,843 | 1,816,720 | 1,850,835 | 1,889,323 |
| Natural gas | 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 | 1,893,196 |
| South Santa Rosa Utility | 6,518,867 | 6,165,315 | 6,235,896 | 6,089,546 | 5,860,774 | 5,396,766 | 5,205,377 | 4,686,102 | 4,933,717 | 4,876,402 |
| Tiger Point Golf Course | 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 | 839,642 | 841,055 | 761,776 | 675,885 | 645,519 | 593,891 | 571,504 | 725,172 | 1,012,054 | 986,019 |
| Stormwater management | 458,084 | 440,406 | 238,246 | 237,125 | 236,275 | 234,086 | 205,282 | 190,324 | 197,504 | 195,304 |
| Gulf Breeze Financial Services | 50,588 | 51,583 | 169,367 | 176,209 | 695,289 | 577,096 | 635,849 | 875,171 | 926,632 | 777,842 |
| Innerarity Point | 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 | 3,569,878 | 2,325,462 | 2,136,120 | 3,494,650 | 1,457,975 | 501,998 | 507,249 | 373,323 | 417,520 | 319,969 |
| Total business-type activities program revenues | 18,699,217 | 17,077,269 | 16,572,658 | 16,765,286 | 14,358,783 | 13,884,651 | 13,462,137 | 11,868,229 | 10,935,036 | 10,938,055 |
| Total primary government program revenues | \$ 21,460,627 | \$ 20,371,027 | \$ 18,574,293 | \$ 18,570,165 | \$ 16,669,844 | \$ 16,690,243 | \$ 16,741,421 | \$ 16,261,609 | \$ 19,164,924 | \$ 15,661,995 |

SOURCE: City of Gulf Breeze Finance Department.

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

Table II

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|
| Net Program (Expense)/Revenue: | | | | | | | | | | |
| Governmental activities | \$ (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 | \$ (4,940,562) |
| Business-type activities | 2,180,601 | 2,455,880 | 1,157,073 | 3,379,174 | 2,420,785 | (882,368) | (1,323,230) | (161,790) | 1,774,724 | 1,295,939 |
| Total primary government program net (expense)/revenue | <u>\$ (5,755,172)</u> | <u>\$ (4,524,654)</u> | <u>\$ (6,975,421)</u> | <u>\$ (4,873,553)</u> | <u>\$ (4,979,360)</u> | <u>\$ (7,870,377)</u> | <u>\$ (7,235,739)</u> | <u>\$ (4,624,775)</u> | <u>\$ 2,402,042</u> | <u>\$ (3,644,623)</u> |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental activities - | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 1,767,275 |
| Tourist development taxes | 260,273 | 359,800 | 209,300 | 211,692 | 183,857 | 149,108 | 113,541 | 64,755 | 39,529 | 36,060 |
| Fuel taxes | 225,447 | 241,532 | 233,944 | 226,447 | 281,937 | 255,638 | 230,880 | 231,438 | 232,681 | 228,653 |
| Franchise taxes | 427,835 | 399,509 | 344,871 | 327,060 | 366,834 | 349,322 | 327,992 | 288,767 | 305,448 | 334,218 |
| Communication services taxes | 325,497 | 262,779 | 259,313 | 256,618 | 267,399 | 298,398 | 278,448 | 361,484 | 298,469 | 312,900 |
| Utility service taxes | 779,813 | 768,612 | 790,916 | 776,473 | 660,134 | 472,984 | 450,533 | 357,489 | 347,131 | 342,531 |
| Intergovernmental, unrestricted | 991,793 | 939,971 | 924,404 | 785,669 | 543,531 | 570,938 | 520,130 | 499,149 | 1,070,901 | 819,245 |
| Gain (Loss) on sale of capital assets | (25,690) | 5,883 | 103,468 | 20,830 | 5,883,665 * | - | - | - | - | - |
| Miscellaneous | 93,943 | 148,044 | 762,524 | 784,763 | 829,237 | 455,119 | 640,712 | 796,089 | 608,104 | 953,952 |
| Investment earnings | 111,654 | 172,634 | 44,410 | 56,261 | 5,879 | 6,240 | 11,844 | 13,904 | 35,537 | 30,688 |
| Total revenues | 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 | 4,825,522 |
| Transfers | (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 | 849,344 |
| Total government activities | <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> | <u>5,674,866</u> |
| Business-type activities - | | | | | | | | | | |
| Gain on sale of capital assets | 6,419 | 1,479,082 | - | - | - | - | - | - | - | - |
| Income from joint venture | 599,625 | 530,756 | 477,532 | 468,052 | 527,820 | - | - | - | - | - |
| Other operating revenues | 186,315 | 191,372 | 210,501 | 147,128 | 343,899 | 270,568 | 123,641 | 329,682 | 268,959 | 547,198 |
| Investment earnings | 347,336 | 659,090 | 171,796 | 155,745 | 266,066 | 174,969 | 204,509 | 18,721 | 337,195 | 19,272 |
| Total revenues | 1,139,695 | 1,381,218 | 859,829 | 770,925 | 1,137,785 | 445,537 | 328,150 | 348,403 | 606,154 | 566,470 |
| Transfers | 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) | (849,344) |
| Total business-type activities | <u>2,369,124</u> | <u>383,623</u> | <u>(12,698)</u> | <u>(1,093,746)</u> | <u>(299,963)</u> | <u>(1,035,680)</u> | <u>(1,071,466)</u> | <u>(869,185)</u> | <u>(575,496)</u> | <u>(282,874)</u> |
| Total primary government | <u>\$ 6,861,288</u> | <u>\$ 6,935,469</u> | <u>\$ 6,690,027</u> | <u>\$ 6,331,484</u> | <u>\$ 12,132,497</u> | <u>\$ 4,953,978</u> | <u>\$ 4,719,391</u> | <u>\$ 4,700,598</u> | <u>\$ 5,275,860</u> | <u>\$ 5,391,992</u> |
| Change in Net Position: | | | | | | | | | | |
| Government activities | \$ (3,443,609) | \$ (428,688) | \$ (1,429,769) | \$ (827,497) | \$ 5,032,315 | \$ (998,351) | \$ (121,652) | \$ 1,106,798 | \$ 6,478,674 | \$ 734,304 |
| Business-type activities | 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 | 1,013,065 |
| Total primary government | <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> | <u>\$ 1,747,369</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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 499,823 | \$ 536,651 | \$ 430,302 | \$ 419,408 | \$ 246,268 | \$ 87,414 | \$ 64,546 | \$ 94,215 | \$ 67,903 | \$ 92,983 |
| Public safety | 490,999 | 541,391 | 611,389 | 626,234 | 1,113,580 | 1,012,910 | 845,318 | 901,465 | 749,597 | 345,228 |
| Culture and recreation | 120,634 | 313,130 | 378,847 | 354,538 | 355,232 | 327,605 | 385,295 | 242,762 | 217,271 | 231,431 |
| Total government charges | <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> | <u>669,642</u> |
| Business-Type Activities: | | | | | | | | | | |
| Water and sewer | 2,720,911 | 2,711,322 | 2,578,344 | 2,560,106 | 2,492,620 | 2,339,659 | 1,999,093 | 1,816,720 | 1,850,835 | 1,889,323 |
| Natural gas | 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 | 1,893,196 |
| South Santa Rosa Utility | 6,518,867 | 7,600,784 | 7,633,894 | 6,765,820 | 6,067,336 | 6,983,404 | 7,010,605 | 5,998,798 | 4,933,717 | 4,876,402 |
| Solid waste control | 1,554,015 | 841,055 | 761,776 | 675,885 | 645,519 | 593,891 | 571,504 | 725,172 | 1,012,054 | 986,019 |
| Stormwater management | 839,642 | 440,406 | 238,246 | 237,125 | 236,275 | 234,086 | 205,282 | 190,324 | 197,504 | 195,304 |
| Gulf Breeze Financial Services | 458,084 | 51,583 | 169,367 | 176,209 | 695,289 | 577,096 | 635,849 | 875,171 | 926,632 | 777,842 |
| Innerarity Point | 50,588 | 58,508 | 24,666 | 80,986 | 60,402 | 44,882 | 16,750 | - | - | - |
| Total business-type charges | <u>15,091,722</u> | <u>14,751,807</u> | <u>14,436,538</u> | <u>13,269,453</u> | <u>12,878,698</u> | <u>13,367,150</u> | <u>12,954,888</u> | <u>11,494,906</u> | <u>10,517,516</u> | <u>10,618,086</u> |
| Total primary government | <u>\$ 16,203,178</u> | <u>\$ 16,142,979</u> | <u>\$ 15,857,076</u> | <u>\$ 14,669,633</u> | <u>\$ 14,593,778</u> | <u>\$ 14,795,079</u> | <u>\$ 14,250,047</u> | <u>\$ 12,733,348</u> | <u>\$ 11,552,287</u> | <u>\$ 11,287,728</u> |

SOURCE: City of Gulf Breeze Finance Department.

**CITY OF GULF BREEZE, FLORIDA
COMPONENTS OF FUND BALANCE (1)
LAST TEN FISCAL YEARS
UNAUDITED**

Table IV

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Non-spendable Fund Balance: | | | | | | | | | | |
| General fund | \$ 27,558 | \$ 22,258 | \$ 28,070 | \$ 9,863 | \$ 15,532 | \$ 100,977 | \$ 5,349 | \$ 5,488 | \$ 5,980 | \$ 6,074 |
| Aggregate special revenue funds | - | - | - | - | - | - | - | - | - | - |
| Total | <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> | <u>\$ 6,074</u> |
| Restricted Fund Balance: | | | | | | | | | | |
| General fund | \$ 853,714 | \$ 1,101,042 | \$ 864,098 | \$ 431,962 | \$ 291,112 | \$ 290,144 | \$ 280,523 | \$ - | \$ - | \$ - |
| Aggregate special revenue funds | 1,723,754 | 1,816,814 | 1,794,412 | 1,515,950 | 677,672 | 463,425 | 329,403 | 762,430 | 916,350 | 994,663 |
| Total | <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> | <u>\$ 994,663</u> |
| Committed Fund Balance: | | | | | | | | | | |
| General fund | \$ 288,272 | \$ 279,183 | \$ 416,564 | \$ 599,437 | \$ 657,821 | \$ 657,821 | \$ 657,770 | \$ 562,270 | \$ 362,270 | \$ 360,177 |
| Aggregate special revenue funds | - | - | - | - | - | - | 475,409 | - | - | - |
| Total | <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> | <u>\$ 360,177</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 | - | 303,000 | 332,279 | 439,785 | 806,815 | 714,234 | 530,095 | - | 416,854 | 384,162 |
| Total | <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> | <u>\$ 500,155</u> |
| Unassigned Fund Balance: | | | | | | | | | | |
| General fund | \$ 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 | \$ 4,927,685 |
| Aggregate special revenue funds | - | - | - | - | - | - | - | - | - | - |
| Total | <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> | <u>\$ 4,927,685</u> |
| Total Fund Balance: | | | | | | | | | | |
| General fund | \$ 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 | \$ 5,409,929 |
| Aggregate special revenue funds | 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 | 1,378,825 |
| Total | <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> | <u>\$ 6,788,754</u> |

SOURCE: City of Gulf Breeze Finance Department.

(1) GASB Statement No. 54 was first implemented for the year ended September 30, 2011.

CITY OF GULF BREEZE, FLORIDA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

Table V

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-----------------------|---------------------|-----------------------|--------------------|---------------------|--------------------|-------------------|---------------------|---------------------|---------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 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 | \$ 2,687,419 |
| Licenses and permits | 83,635 | 85,186 | 91,382 | 108,451 | 92,871 | 87,414 | 392,538 | 382,850 | 373,351 | 427,201 |
| Intergovernmental | 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 | 4,797,182 |
| Charges for services | 536,822 | 764,595 | 717,767 | 665,495 | 508,629 | 327,605 | 311,099 | 232,418 | 243,576 | 251,342 |
| Fines and forfeitures | 490,999 | 541,391 | 611,389 | 626,234 | 1,113,580 | 1,012,910 | 826,754 | 879,725 | 742,280 | 340,415 |
| Contribution from component unit | 1,000,000 | 1,500,000 | 620,000 | 620,000 | 620,000 | 325,000 | 364,500 | 325,000 | - | - |
| Other operating revenues | 205,597 | 320,678 | 186,934 | 221,024 | 215,116 | 136,359 | 450,790 | 546,303 | 688,458 | 980,341 |
| Total revenues | <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> | <u>9,483,900</u> |
| Expenditures: | | | | | | | | | | |
| General government | 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 | 2,082,950 |
| Public safety | 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 | 2,362,472 |
| Transportation | 725,808 | 677,323 | 476,733 | 957,608 | 249,971 | 519,423 | 328,318 | 713,559 | 204,519 | 249,113 |
| Economic environment | 331,930 | 307,769 | 273,158 | 235,928 | 229,567 | 198,758 | 136,168 | 116,579 | 133,073 | 122,413 |
| Culture and recreation | 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 | 3,462,148 |
| Capital outlay | 1,407,680 | 1,265,846 | 1,983,477 | 334,453 | 378,651 | 752,873 | 948,833 | 3,280,636 | 5,957,086 | 2,297,710 |
| Debt service - | | | | | | | | | | |
| Principal | 237,600 | 224,400 | 215,600 | 206,800 | 202,400 | 193,600 | 184,800 | 175,650 | 171,600 | 239,357 |
| Interest | 324,966 | 334,785 | 344,081 | 350,023 | 356,325 | 368,304 | 396,336 | 305,046 | 310,536 | 315,231 |
| Total expenditures | <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> | <u>11,131,394</u> |
| Excess (deficiency) of revenue over (under) expenditures | <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> | <u>(1,647,494)</u> |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Gain from sale of capital assets | 13,600 | 5,883 | 103,468 | 20,830 | 6,306,370 | - | - | - | - | - |
| Transfers in | 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 | 1,240,844 |
| Transfers out | (2,814,626) | (1,058,304) | (1,389,380) | (1,502,241) | (769,880) | (476,067) | (450,560) | (897,422) | (634,130) | (391,500) |
| Contributions | - | - | 314,312 | - | - | - | - | - | - | - |
| Settlement | - | (17,500) | (295,742) | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <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> | <u>849,344</u> |
| Net change in fund balance | <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> | <u>\$ (798,150)</u> |
| Debt service as a percentage of noncapital expenditures | 6.26% | 6.37% | 6.72% | 6.39% | 6.90% | 6.93% | 7.72% | 6.66% | 7.54% | 6.28% |

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 |
|------|-----------------------|--|---|---|---------------------------------------|--|---------------------|---|
| 2020 | | | | This levy will be collected during Fiscal Year 2021 | | | | |
| 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% |
| 2011 | \$ 1,194,763 | \$ 1,158,863 | 97.0% | \$ 3,973 | \$ 1,162,836 | 97.3% | \$ 35,900 | 3.0% |

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 |
|----------|------------------|----------------------|----------------------------|----------------|------------------------------------|-----------------------------|
| 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 |
| 2011 | \$ 879,382,858 | \$ 35,300,296 | \$ 914,683,154 | \$ 286,262,042 | \$ 628,421,112 | 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> |
|--------------------|----------------|
| 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 |
| 2011 | 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 2020 | | 2011 | |
|--------------------------------------|---------------------------|----------------|---------------------------|----------------|
| | Total Taxable Value | Percentage | Total Taxable Value | Percentage |
| Andrews Institute Medical Park & ASC | \$ 18,015,805 | 1.96% | \$ 16,696,996 | 2.65% |
| Real Sub LLC | 14,617,227 | 1.59% | - | 0.00% |
| GB Senior Living | 13,988,600 | 1.52% | - | 0.00% |
| Gulf Power (GB) | 11,146,611 | 1.21% | 5,964,350 | 0.95% |
| Mullet Willis J as Trustee | 8,226,965 | 0.89% | 7,458,210 | 1.18% |
| Jerome Gulf Breeze LLC | 6,830,673 | 0.74% | - | 0.00% |
| Belleau George A & Ann F | 5,759,026 | 0.63% | 4,417,781 | 0.00% |
| Falzone Timothy D | 5,454,615 | 0.59% | 4,941,295 | 0.78% |
| Quietwater LLC | 5,101,212 | 0.55% | 5,011,929 | 0.80% |
| GB Hotel Investments LP | 5,041,826 | 0.55% | - | 0.00% |
| Total of Principal Taxpayers | 94,182,560 | 10.24% | 44,490,561 | 7.07% |
| Total All Other Taxpayers | 825,725,351 | 89.76% | 585,130,357 | 92.93% |
| Total Taxable Value | \$ 919,907,911 | 100.00% | \$ 629,620,918 | 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 |
|-------------|------------|--------------------------|--|--|
| 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 |
| 2011 | \$ - | \$ 12,322 | | \$ 102,789 |

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>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> | <u>2011</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenue Bonds and Note Payable: | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 8,481,734 |
| Business-type activities | <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> | <u>6,432,134</u> |
| Total primary government | <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>\$ 14,271,576</u> | <u>\$ 15,521,159</u> |
| Notes Payable: | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Business-type activities | <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> | <u>5,051,438</u> |
| Total primary government | <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> | <u>\$ 5,051,438</u> |
| Line of Credit: | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Business-type activities | <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> | <u>-</u> |
| Total primary government | <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> | <u>\$ -</u> |
| Capital Leases Payable: | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Business-type activities | <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> | <u>-</u> |
| Total primary government | <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> | <u>\$ -</u> |
| Total Debt: | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ 8,481,734 |
| Business-type activities | <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> | <u>11,483,572</u> |
| Total primary government | <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> | <u>\$ 19,965,306</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) |
|----------------|-----------------------------|---|----------------------------------|---|---|---|
| 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% |
| 2011 | 5,765 | \$ 628,421,112 | \$ 19,965,306 | 3.2% | \$ 3,463 | 7.95% |

(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 |
|----------------|-----------------------------|---|-------------------------|--|-----------------------|--|----------------------------------|
| 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 | \$ - | \$ - | \$ - | - % | \$ - |
| 2011 | 5,751 | \$ 628,421,112 | \$ - | \$ - | \$ - | - % | \$ - |

(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 | |
| 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 |
| 2011 | \$ 4,876,402 | \$ 309,563 | \$ 2,781,874 | \$ 2,404,091 | \$ 580,000 | \$ 285,192 | \$ 865,192 | 2.78 |

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 | Total Personal Income | Per Capita Income | Unemployment Rate | Median Household Income |
|-------------|------------------|-------------------|--------------------------------|--------------------------|-----------------------|-------------------|-------------------|-------------------------|
| | Gulf Breeze City | Santa Rosa County | | | | | | |
| 2020 | 5,910 | 184,313 | 3.21% | 2.94% | \$ 401,131,535 | \$ 56,665 | 3.80% | \$ 102,970 |
| 2019 | 5,849 | 179,054 | 3.34% | 2.37% | \$ 310,915,293 | \$ 53,157 | 3.80% | \$ 102,970 |
| 2018 | 5,838 | 174,887 | 3.42% | 2.29% | \$ 297,538,630 | \$ 50,870 | 2.70% | \$ 100,880 |
| 2017 | 5,818 | 170,835 | 3.48% | 2.51% | \$ 299,034,036 | \$ 51,222 | 3.50% | \$ 98,308 |
| 2016 | 5,815 | 167,009 | 3.57% | 1.14% | \$ 292,034,510 | \$ 50,195 | 3.90% | \$ 84,423 |
| 2015 | 5,805 | 162,925 | 3.60% | 1.63% | \$ 261,611,035 | \$ 44,989 | 2.70% | \$ 85,529 |
| 2014 | 5,763 | 161,096 | 3.64% | 2.01% | \$ 243,606,828 | \$ 41,965 | 2.65% | \$ 80,433 |
| 2013 | 5,790 | 158,512 | 3.73% | 0.32% | \$ 250,475,196 | \$ 43,463 | 2.65% | \$ 73,012 |
| 2012 | 5,765 | 155,390 | 3.72% | 6.09% | \$ 249,926,200 | \$ 43,165 | 2.50% | \$ 67,214 |
| 2011 | 5,751 | 154,901 | 3.94% | 1.04% | \$ 251,008,100 | \$ 43,540 | 2.95% | \$ 70,575 |

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 | |
| 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 |
| 2011 | \$ 628,421,112 | 4 | \$ 602,500 | 13 | \$ 6,297,000 | \$ 247,182,000 |

(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 2020 (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 |
| 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 |
| 2011 | 14 | 14 | 9 | 53 | 19 | 1 | 22 | 16 |

SOURCE: City of Gulf Breeze Community Services Department

**CITY OF GULF BREEZE, FLORIDA
WATER SERVICE RATES
AS OF SEPTEMBER 30, 2020
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" | \$ 12.99 | \$ 12.99 | \$ 3.63 | \$ 15.66 | \$ 15.66 | \$ 3.79 |
| 1.00" | \$ 22.63 | \$ 22.63 | \$ 3.63 | \$ 27.29 | \$ 27.29 | \$ 3.79 |
| 1.50" | \$ 55.04 | \$ 55.04 | \$ 3.63 | \$ 66.36 | \$ 66.36 | \$ 3.79 |
| 2.00" | \$ 88.00 | \$ 88.00 | \$ 3.63 | \$ 106.11 | \$ 106.11 | \$ 3.79 |
| 3.00" | \$ 175.00 | \$ 175.00 | \$ 3.63 | \$ 211.03 | \$ 211.03 | \$ 3.79 |
| 4.00" | \$ 262.03 | \$ 262.03 | \$ 3.63 | \$ 315.98 | \$ 315.98 | \$ 3.79 |
| 6.00" | \$ 514.56 | \$ 514.56 | \$ 3.63 | \$ 620.46 | \$ 620.46 | \$ 3.79 |
| Tech Fee | \$ 2.00 | \$ 2.00 | | \$ 2.00 | \$ 2.00 | |
| Reclaim Service | N/A | N/A | | \$ 6.11 | \$ 6.11 | |
| 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, 2020
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" | \$ 18.41 | \$ 18.41 | \$ 4.66 | \$ 19.68 | \$ 19.68 | \$ 4.98 |
| 1.00" | \$ 31.90 | \$ 31.90 | \$ 4.66 | \$ 34.11 | \$ 34.11 | \$ 4.98 |
| 1.50" | \$ 72.04 | \$ 72.04 | \$ 4.66 | \$ 77.02 | \$ 77.02 | \$ 4.98 |
| 2.00" | \$ 113.38 | \$ 113.38 | \$ 4.66 | \$ 121.22 | \$ 121.22 | \$ 4.98 |
| 3.00" | \$ 221.49 | \$ 221.49 | \$ 4.66 | \$ 236.83 | \$ 236.83 | \$ 4.98 |
| 4.00" | \$ 326.96 | \$ 326.96 | \$ 4.66 | \$ 349.59 | \$ 349.59 | \$ 4.98 |
| 6.00" | \$ 628.44 | \$ 628.44 | \$ 4.66 | \$ 671.92 | \$ 671.92 | \$ 4.98 |

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

**CITY OF GULF BREEZE, FLORIDA
SOLID WASTE SERVICE RATES
AS OF SEPTEMBER 30, 2020
UNAUDITED**

Table XXIII

Residential Collection

| | Curbside | Sideyard |
|------------------------|----------|----------|
| Regular | \$ 24.99 | \$ 44.00 |
| Senior Rate | \$ 22.49 | \$ 22.49 |
| Disable Rate | \$ 22.49 | \$ 22.49 |
| Extra Kart | \$ 14.82 | \$ 19.18 |
| Sideyard Waste & Recyc | | \$ 44.00 |

Commercial Collection

| Container Size (Waste) | Collection Frequency (Per Week) | | | | | Per Extra Call |
|---------------------------|---------------------------------|-------------|-------------|-------------|-------------|----------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Kart (96 Gal) | \$ 31.37 | \$ 48.66 | | | | |
| 2 Cubic Yards | \$ 84.50 | \$ 122.62 | \$ 189.98 | \$ 245.80 | \$ 306.48 | \$ 27.01 |
| 4 Cubic Yards | \$ 132.57 | \$ 229.31 | \$ 338.46 | \$ 450.07 | \$ 556.71 | \$ 54.03 |
| 6 Cubic Yards | \$ 186.92 | \$ 334.19 | \$ 485.73 | \$ 639.67 | \$ 797.32 | \$ 81.04 |
| 8 Cubic Yards | \$ 172.02 | \$ 297.51 | \$ 432.49 | \$ 566.29 | \$ 701.92 | \$ 108.06 |
| 6 Cubic Yard Compactor * | \$ 373.77 | \$ 710.88 | \$ 1,039.96 | \$ 1,380.51 | \$ 1,613.05 | N/A |
| 30 Cubic Yard Compactor | \$ 1,126.51 | | | | | |
| 30 Cubic Yard Roll Off ** | \$ 1,126.51 | \$ 2,253.02 | \$ 3,379.53 | \$ 4,506.04 | \$ 5,632.55 | \$ 260.17 |

| Container Size (Recycling) | Collection Frequency (per week) | | |
|----------------------------|---------------------------------|-----------|-----------|
| | 1 | 3 | 5 |
| Kart (96 Gal) | \$ 14.48 | | |
| 2 Cubic Yards* | \$ 46.27 | \$ 82.91 | \$ 138.17 |
| 4 Cubic Yards* | \$ 64.78 | \$ 124.79 | \$ 215.56 |
| 6 Cubic Yards* | \$ 82.56 | \$ 150.17 | \$ 262.57 |
| 8 Cubic Yards* | \$ 110.69 | \$ 181.92 | \$ 337.63 |

* 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, 2020
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 | \$ 0.8621 |
| 4 - 8 | \$ 0.8229 |
| 9 - 166 | \$ 0.7837 |
| 167 - 4,166 | \$ 0.6662 |
| over 4,167 | \$ 0.5486 |

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 | \$ 0.9483 |
| 4 - 8 | \$ 0.9052 |
| 9 - 166 | \$ 0.8621 |
| 167 - 4,166 | \$ 0.7328 |
| over 4,167 | \$ 0.6035 |

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, 2020
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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------------|------------------|------------------|------------------|------------------|-----------|-----------|-----------|-----------|-----------|
| Full-time employees on City Payroll as of September 30, (1) | | | | | | | | | | |
| General Government: | | | | | | | | | | |
| City manager and city clerk | 6 | 6 | 4 | 4 | 4 | 5 | 5 | 4 | 4 | 4 |
| Community services | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| Finance and accounting | 6 | 5 | 4 | 3 | 3 | 3 | 3 | 5 | 5 | 5 |
| Parks and recreation center | 15 | 15 | 13 | 12 | 13 | 10 | 10 | 8 | 8 | 8 |
| Special projects | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Sworn officers | 21 | 20 | 19 | 19 | 17 | 18 | 18 | 17 | 15 | 15 |
| Civilian employees | 8 | 8 | 8 | 7 | 8 | 8 | 8 | 8 | 7 | 7 |
| Police | 29 | 27 | 26 | 25 | 26 | 26 | 25 | 22 | 22 | 25 |
| Total general government | <u>61</u> | <u>53</u> | <u>49</u> | <u>49</u> | <u>48</u> | <u>47</u> | <u>44</u> | <u>41</u> | <u>41</u> | <u>45</u> |
| Enterprises (2): | | | | | | | | | | |
| Gulf Breeze Financial Services | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 3 |
| Gas, water and sewer | 24 | 24 | 22 | 13 | 13 | 13 | 13 | 13 | 12 | 12 |
| South Santa Rosa Utility | 31 | 29 | 27 | 27 | 29 | 29 | 28 | 27 | 26 | 26 |
| Tiger Point Golf Course (3) | 0 ⁽³⁾ | 0 ⁽³⁾ | 0 ⁽³⁾ | 0 ⁽³⁾ | 0 ⁽³⁾ | 17 | 19 | 19 | 0 | 0 |
| Total enterprises | <u>58</u> | <u>52</u> | <u>43</u> | <u>45</u> | <u>62</u> | <u>62</u> | <u>61</u> | <u>40</u> | <u>41</u> | <u>38</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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|-------------|------------|------------|------------|
| Fire Department: | | | | | | | | | | |
| Emergency medical calls | 347 | 593 | 792 | 733 | 606 | 645 | 439 | 495 | 449 | 511 |
| Fire and other calls | 387 | 530 | 418 | 432 | 394 | 366 | 401 | 361 | 300 | 289 |
| Total calls | 734 | 1,123 | 1,210 | 1,165 | 1,000 | 1,011 | 840 | 856 | 749 | 800 |
| Police Department: | | | | | | | | | | |
| Arrests | 287 | 391 | 401 | 436 | 505 | 314 | 304 | 415 | 466 | 245 |
| Citations | 2,149 | 3,373 | 518 | 5,101 | 4,943 | 3,917 | 5,455 | 6,734 | 5,462 | 5,748 |
| Parks and Recreation: | | | | | | | | | | |
| League registrations | 1,718 | 1,765 | 1,863 | 1,853 | 1,773 | 1,718 | 1,640 | 1,745 | 1,566 | 1,777 |
| Water: | | | | | | | | | | |
| Customers at year end | 2,635 | 2,602 | 2,602 | 2,600 | 2,612 | 2,580 | 2,591 | 2,579 | 2,580 | 2,558 |
| Usage (000's gallons) | 334,201 | 278,641 | 256,613 | 219,373 | 249,999 | 228,795 | 227,259 * | 217,800 | 233,565 | 244,322 |
| Sewer: | | | | | | | | | | |
| Customers at year end | 1,576 | 1,551 | 1,549 | 1,545 | 1,554 | 1,548 | 1,528 | 1,517 | 1,514 | 1,463 |
| Treatment (000's gallons) | 212,218 | 173,517 | 158,637 | 143,056 | 162,071 | 146,576 | 172,157 * | 134,652 | 147,327 | 157,743 |
| Natural Gas: | | | | | | | | | | |
| Customers at year end | 4,527 | 4,235 | 4,139 | 3,990 | 3,874 | 3,722 | 3,591 | 3,460 | 3,371 | 3,311 |
| Therms (000's 100's ft3) | 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 | 1,195,192 |
| SSRUS - Water: | | | | | | | | | | |
| Customers at year end | 4,534 | 4,431 | 4,474 | 4,413 | 4,358 | 4,337 | 4,300 | 4,145 | 4,196 | 4,178 |
| Usage (000's gallons) | 384,245 | 283,915 | 230,438 | 250,942 | 272,180 | 280,525 | 289,186 * | 270,288 | 286,027 | 296,911 |
| SSRUS - Sewer: | | | | | | | | | | |
| Customers at year end | 7,176 | 6,795 | 6,774 | 6,599 | 6,418 | 6,321 | 6,160 | 5,966 | 5,958 | 5,850 |
| Treatment (000's gallons) | 626,319 | 462,381 | 427,630 | 406,408 | 400,093 | 406,407 | 422,883 * | 373,787 | 395,337 | 412,452 |
| Wastewater Treatment: | | | | | | | | | | |
| Treatment (Millions of Gallons) | 629.2 | 617.0 | 572.7 | 601.0 | 606.0 | 545.2 | 614.9 | 558.6 | 519.2 | 487.7 |
| Tiger Point Golf Course: | | | | | | | | | | |
| Annual rounds played (1) | 33,169 | 27,514 | 26,202 | 12,755 ** | N/A | 31,305 | 37,248 | 32,159 | 25,828 | 24,724 |

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

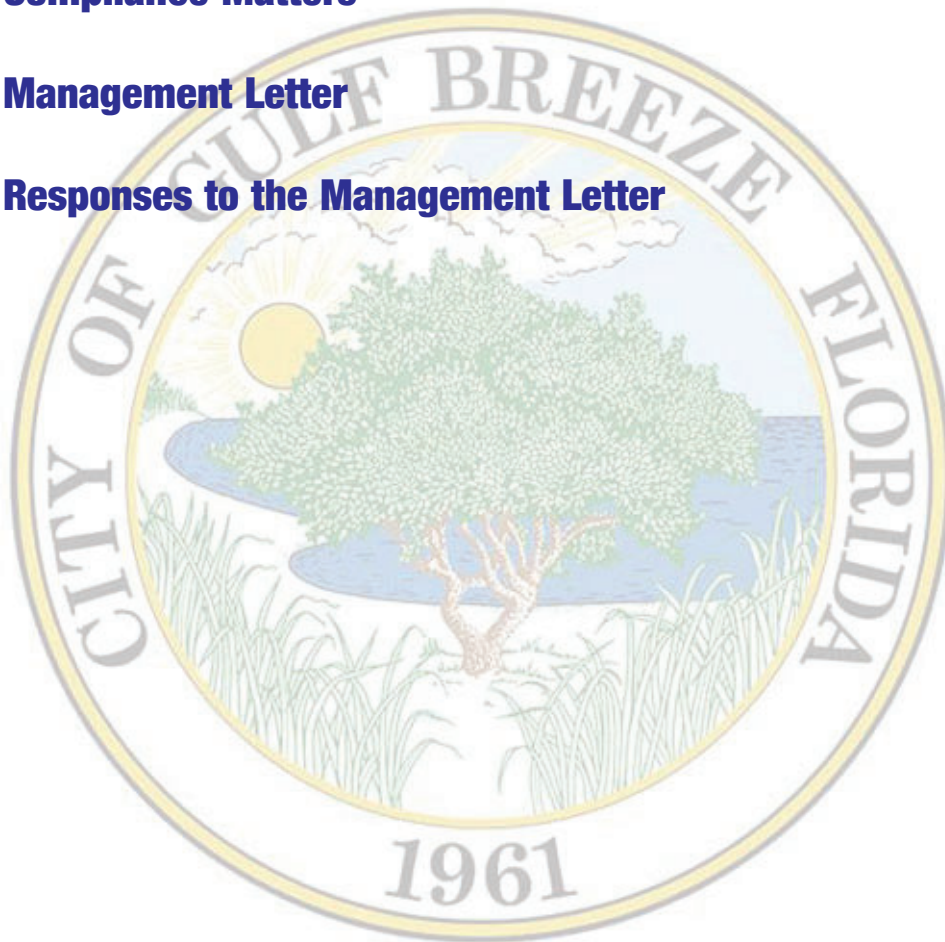
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Streets: | | | | | | | | | | |
| Miles of roads | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 |
| Miles of sidewalks | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10.5 | 10 | 10 | 10 |
| Signs installed | 213 | 213 | 174 | 174 | 172 | 172 | 172 | 172 | 171 | 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 | 34.8 | 34.7 | 34.7 | 34.7 | 34.7 | 34.7 | 16.4 | 16.0 |
| Lift stations | 26 | 26 | 26 | 26 | 26 | 10 | 10 | 10 | 25 | 25 |
| Natural Gas: | | | | | | | | | | |
| Gas main (miles) | 160.3 | 160.3 | 160.3 | 159.6 | 141.3 | 141.3 | 141.3 | 141.3 | 129.5 | 119.3 |
| South Santa Rosa Utility System: | | | | | | | | | | |
| <u>Water</u> | | | | | | | | | | |
| Water line (miles) | 63.1 | 63.1 | 62.9 | 62.9 | 62.9 | 62.9 | 62.9 | 62.5 | 62.3 | 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 | 67.4 | 65.9 | 62.8 | 59.4 | 59.4 | 59.4 | 59.0 | 57.8 | 57.0 |
| Lift stations | 61 | 63 | 63 | 62 | 61 | 61 | 61 | 61 | 60 | 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 | | | | | | |
| Elevated storage capacity 000s | 300 | 300 | 300 | 300 | | | | | | |
| Stormwater Utility: | | | | | | | | | | |
| Stormwater pipe (miles) | 11.4 | 11.4 | 11.4 | 11.4 | 11.4 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 |
| Inlets | 262 | 262 | 262 | 262 | 262 | 186 | 186 | 186 | 186 | 186 |
| Pump stations | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 |
| Police Department: | | | | | | | | | | |
| Patrol units | 21 | 19 | 20 | 16 | 18 | 18 | 18 | 17 | 17 | 17 |
| Fire Department: | | | | | | | | | | |
| Response and support vehicles | 10 | 11 | 12 | 11 | 10 | 10 | 10 | 10 | 10 | 10 |

SOURCE: Department Records

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IV. Compliance Section

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



**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 26, 2021.

Internal Control Over Financial Reporting

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

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

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

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
May 26, 2021

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, 2020, and have issued our report thereon dated May 26, 2021.

Auditor's Responsibility

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

Other 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* and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated May 26, 2021, 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.

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.

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

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.

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Lund".

Pensacola, Florida
May 26, 2021

**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, 2020. 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, 2020.

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
May 26, 2021